
| | | | |
|-----------------------------|---|------------------------|-----------------------------------|
| State: | District of Columbia | Filing Company: | Lyndon Southern Insurance Company |
| TOI/Sub-TOI: | 09.0 Inland Marine/09.0000 Inland Marine Sub-TOI Combinations | | |
| Product Name: | Commercial Inland Marine | | |
| Project Name/Number: | /CM 00 01 05 18 | | |

Filing at a Glance

| | |
|---------------------------|--|
| Company: | Lyndon Southern Insurance Company |
| Product Name: | Commercial Inland Marine |
| State: | District of Columbia |
| TOI: | 09.0 Inland Marine |
| Sub-TOI: | 09.0000 Inland Marine Sub-TOI Combinations |
| Filing Type: | Rate/Rule |
| Date Submitted: | 05/03/2018 |
| SERFF Tr Num: | LFST-131485728 |
| SERFF Status: | Pending Industry Response |
| State Tr Num: | |
| State Status: | |
| Co Tr Num: | CM 2018 (RR) DC 2018 |
| Effective Date | On Approval |
| Requested (New): | |
| Effective Date | On Approval |
| Requested (Renewal): | |
| Author(s): | Sabrina Smith, Saundra Wright |
| Reviewer(s): | Monica Myers (primary) |
| Disposition Date: | |
| Disposition Status: | |
| Effective Date (New): | |
| Effective Date (Renewal): | |

| | | | |
|-----------------------------|---|------------------------|-----------------------------------|
| State: | District of Columbia | Filing Company: | Lyndon Southern Insurance Company |
| TOI/Sub-TOI: | 09.0 Inland Marine/09.0000 Inland Marine Sub-TOI Combinations | | |
| Product Name: | Commercial Inland Marine | | |
| Project Name/Number: | /CM 00 01 05 18 | | |

General Information

| | |
|--|---------------------------------------|
| Project Name: | Status of Filing in Domicile: Pending |
| Project Number: CM 00 01 05 18 | Domicile Status Comments: |
| Reference Organization: | Reference Number: |
| Reference Title: | Advisory Org. Circular: |
| Filing Status Changed: 05/11/2018 | |
| State Status Changed: | Deemer Date: |
| Created By: Sandra Wright | Submitted By: Sandra Wright |
| Corresponding Filing Tracking Number: LFST-131485720 | |

Filing Description:

In accordance with the regulatory provisions of your state, the company is adopting all ISO Commercial Inland Marine Loss Costs, Rules, and Rating Plans in effect in your state. The company exception pages and loss cost multiplier will be used with the approved ISO Loss Costs, Rules, and Rating Plans and may be used on a monoline or package basis.

As part of this filing, we are introducing a Tiered Rating Rule to the program. This rule will allow the Company to be more competitive, have greater flexibility in its rating approach and allow for recognition of risk characteristics not currently reflected in its rating. The new rule page has been included with this filing. There will be no rate level impact as a result of the proposed changes, as this is our initial filing.

Also, included for your review and approval, is our company loss cost multiplier of 1.538.

This filing also introduces our Photographers & Videographers Program, which is designed to provide Liability and Inland Marine coverages for eligible risks (please refer to the Photographers & Videographers Program Underwriting Guidelines for additional details regarding risk eligibility and pricing) through forms licensed and approved by the Insurance Services Office, Inc.

The rates and rules consist of company exceptions to be used in conjunction with the ISO multi-state and state specific loss costs and rules. The company is hereby adopting by reference, all ISO loss costs and rules identified within the filing submission approved in this state as filed by ISO for use with the Commercial Inland Marine policy(ies). Additionally, the company's Manual Exception Pages are being submitted as a part of this filing package for your review and approval.

The company is requesting this filing be available for use on your earliest effective date.

Company and Contact

Filing Contact Information

| | |
|-----------------------------------|--------------------------|
| Sandra Wright, Compliance Manager | saundramwright@gmail.com |
| 10151 Deerwood Park Blvd, Bldg | 904-357-2164 [Phone] |
| 100 | 904-350-1069 [FAX] |
| Suite 500 | |
| Jacksonville, FL 32256 | |

State: District of Columbia**Filing Company:** Lyndon Southern Insurance Company**TOI/Sub-TOI:** 09.0 Inland Marine/09.0000 Inland Marine Sub-TOI Combinations**Product Name:** Commercial Inland Marine**Project Name/Number:** /CM 00 01 05 18**Filing Company Information**

Lyndon Southern Insurance
Company
10151 Deerwood Park Boulevard
Building 100, Suite 500
Jacksonville, FL 32256
(800) 888-2738 ext. 7265[Phone]

CoCode: 10051
Group Code: 4718
Group Name:
FEIN Number: 43-1754760

State of Domicile: Delaware
Company Type: Property &
Casualty
State ID Number:

Filing Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

| | | | |
|----------------------|---|-----------------|-----------------------------------|
| State: | District of Columbia | Filing Company: | Lyndon Southern Insurance Company |
| TOI/Sub-TOI: | 09.0 Inland Marine/09.0000 Inland Marine Sub-TOI Combinations | | |
| Product Name: | Commercial Inland Marine | | |
| Project Name/Number: | /CM 00 01 05 18 | | |

Correspondence Summary

Objection Letters and Response Letters

Objection Letters

| Status | Created By | Created On | Date Submitted |
|---------------------------|--------------|------------|----------------|
| Pending Industry Response | Monica Myers | 05/11/2018 | 05/11/2018 |
| Pending Industry Response | Monica Myers | 05/10/2018 | 05/10/2018 |

Response Letters

| Responded By | Created On | Date Submitted |
|----------------|------------|----------------|
| Saundra Wright | 05/10/2018 | 05/10/2018 |

| | | | |
|-----------------------------|---|------------------------|-----------------------------------|
| State: | District of Columbia | Filing Company: | Lyndon Southern Insurance Company |
| TOI/Sub-TOI: | 09.0 Inland Marine/09.0000 Inland Marine Sub-TOI Combinations | | |
| Product Name: | Commercial Inland Marine | | |
| Project Name/Number: | /CM 00 01 05 18 | | |

Objection Letter

| | |
|-------------------------|---------------------------|
| Objection Letter Status | Pending Industry Response |
| Objection Letter Date | 05/11/2018 |
| Submitted Date | 05/11/2018 |
| Respond By Date | 05/25/2018 |

Dear Sandra Wright,

Introduction:

Please adjust your filing to reflect that in the District of Columbia the maximum modification for an individual risk modification plan is 25%.

Please adjust your filing to reflect that in the District of Columbia the maximum modification for a schedule rating plan is 25%.

Conclusion:

Sincerely,
Monica Myers

| | | | |
|-----------------------------|---|------------------------|-----------------------------------|
| State: | District of Columbia | Filing Company: | Lyndon Southern Insurance Company |
| TOI/Sub-TOI: | 09.0 Inland Marine/09.0000 Inland Marine Sub-TOI Combinations | | |
| Product Name: | Commercial Inland Marine | | |
| Project Name/Number: | /CM 00 01 05 18 | | |

Objection Letter

| | |
|-------------------------|---------------------------|
| Objection Letter Status | Pending Industry Response |
| Objection Letter Date | 05/10/2018 |
| Submitted Date | 05/10/2018 |
| Respond By Date | 05/24/2018 |

Dear Sandra Wright,

Introduction:

For continued review of this filing, please explain whether you have policyholders in your existing program. If you do, then please explain how existing policyholders would be affected by this new program.

Conclusion:

Sincerely,
Monica Myers

| | | | |
|-----------------------------|---|------------------------|-----------------------------------|
| State: | District of Columbia | Filing Company: | Lyndon Southern Insurance Company |
| TOI/Sub-TOI: | 09.0 Inland Marine/09.0000 Inland Marine Sub-TOI Combinations | | |
| Product Name: | Commercial Inland Marine | | |
| Project Name/Number: | /CM 00 01 05 18 | | |

Response Letter

| | |
|------------------------|--------------------|
| Response Letter Status | Submitted to State |
| Response Letter Date | 05/10/2018 |
| Submitted Date | 05/10/2018 |

Dear Monica Myers,

Introduction:

Response 1

Comments:

This is a new program and new line of business for our company. We have no policyholders at this time.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Sincerely,
Saundra Wright

| | | | |
|-----------------------------|---|------------------------|-----------------------------------|
| State: | District of Columbia | Filing Company: | Lyndon Southern Insurance Company |
| TOI/Sub-TOI: | 09.0 Inland Marine/09.0000 Inland Marine Sub-TOI Combinations | | |
| Product Name: | Commercial Inland Marine | | |
| Project Name/Number: | /CM 00 01 05 18 | | |

Rate Information

Rate data applies to filing.

| | |
|--|----------------|
| Filing Method: | File & Use |
| Rate Change Type: | Neutral |
| Overall Percentage of Last Rate Revision: | 0.000% |
| Effective Date of Last Rate Revision: | |
| Filing Method of Last Filing: | n/a new filing |
| SERFF Tracking Number of Last Filing: | n/a |

Company Rate Information

| Company Name: | Overall % Indicated Change: | Overall % Rate Impact: | Written Premium Change for this Program: | Number of Policy Holders Affected for this Program: | Written Premium for this Program: | Maximum % Change (where req'd): | Minimum % Change (where req'd): |
|-----------------------------------|-----------------------------|------------------------|--|---|-----------------------------------|---------------------------------|---------------------------------|
| Lyndon Southern Insurance Company | 0.000% | 0.000% | \$0 | 0 | \$0 | 0.000% | 0.000% |

| | | | |
|-----------------------------|---|------------------------|-----------------------------------|
| State: | District of Columbia | Filing Company: | Lyndon Southern Insurance Company |
| TOI/Sub-TOI: | 09.0 Inland Marine/09.0000 Inland Marine Sub-TOI Combinations | | |
| Product Name: | Commercial Inland Marine | | |
| Project Name/Number: | /CM 00 01 05 18 | | |

Rate/Rule Schedule

| Item No. | Schedule Item Status | Exhibit Name | Rule # or Page # | Rate Action | Previous State Filing Number | Attachments |
|----------|----------------------|--------------------------------|------------------|-------------|------------------------------|----------------------------------|
| 1 | | COMMERCIAL INLAND MARINE Rules | 1-35 | New | | CW IM RR (04 18)_KSS (clean).pdf |

**Division Eight
COMMERCIAL INLAND MARINE**

1. APPLICATION OF THIS DIVISION

A. Contents

Division Eight contains the rules, ISO advisory prospective loss costs and/or individual company rates, rating procedures and state exceptions for the Commercial Inland Marine Coverage Part.

B. Sections:

This division is divided into separate sections for:

1. General Rules
2. Accounts Receivable
3. Camera and Musical Instrument Dealers
4. Commercial Articles
5. Equipment Dealers
6. Film
7. Floor Plan
8. Jewelers Block
9. Mail
10. Physicians and Surgeons
11. Signs
12. Theatrical Property
13. Valuable Papers
14. Multistate Rating Relativities and Factors
15. Multistate Loss Costs

2. COMPANY RATES/ISO LOSS COSTS

A. Loss Costs

Loss costs contained in this division are annual loss costs for each \$100 of insurance unless otherwise indicated. This division contains either ISO prospective loss costs or individual company rates. A loss cost is that portion of the premium which covers only losses and the costs associated with settling losses.

B. Company Rates

All rules in this division are designed to be utilized with rates. All references in the rules to rates and/or premiums (including base premiums) shall be interpreted to mean those established by the individual insurance company.

C. Loss Cost Conversion

Each insurance company must provide manualholders with either its own rates or with procedures to convert ISO prospective loss costs to rates and/or premiums. If an insurer provides its own rates, use them in place of the ISO prospective loss costs in this manual. If an insurer does not provide its own rates, manualholders must convert the ISO prospective loss costs in this manual to rates and/or premiums before applying any of the rules. Refer to the company for specific instructions - including rounding procedures - on how to do this.

D. Basic Group I And Basic Group II Rates

Commercial Property Basic Group I and Basic Group II Personal Property rates are used in the rating calculations for several classes in Division Eight. These rates are modified as appropriate by various factors found in Division Five - Fire And Allied Lines. For example, the Basic Group I rates are adjusted, as necessary, for protection class and territorial multipliers. In all cases, the Basic Group I and Basic Group II rates must be modified by limit of insurance relativity adjustment factors. For this modification, multiply the Basic Group I and Basic Group II rates by the appropriate factors in Table 2.D.(RF); do not use the relativity factors for limit of insurance that appear in Division Five.

3. REFERRALS TO COMPANY

A. Refer to the company for:

1. Rating or classifying any risk or exposure for which there is no manual rate or applicable classification.
2. Any applicable rating plan modification.

B. Whenever a risk is rated on a refer to company basis, each company is responsible for complying with any applicable regulatory or statutory rate filing requirements.

Division Eight
COMMERCIAL INLAND MARINE

4. EFFECTIVE DATE

The date shown on the bottom of the manual page is a printing date and not necessarily the effective date. Effective dates are announced on the Notices to Manualholders.

5. POLICY TERM

- A. Policies may be written for a specific term up to three years or on a continuous basis.
- B. A policy may be renewed by renewal certificates. When renewal certificates are used, they must conform in every respect to current rules, company rates and forms at the time of renewal.

6. PREMIUM COMPUTATION

A. Prepaid Policies

1. One Year

Compute the premium using the annual rates in effect at policy inception.

2. More Than One Year

Compute the premium using the annual rates in effect at policy inception multiplied by the policy term expressed in years (term factor). Refer to Table **6.A.2.(RF)**.

3. Less Than One Year

Compute the premium for a policy written with a policy term of less than one year by multiplying the pro rata annual premium by the appropriate factor. Refer to Table **6.A.3.(RF)**. However, this factor is not applied if the insurance is written to:

- a. Establish a common expiration date with other coverages or lines of insurance; or
- b. Expire with the original full term insurance.

Charge the above premium for each separate period of exposure.

B. Annual Premium Payment Plan Policies

- 1. For policies with less than \$500 annual premium, compute the annual premium payment plan rates by multiplying the annual rates by the appropriate factor. Refer to Table **6.B.1.(RF)**. Such rates shall be used to obtain the premium due at inception and on each anniversary.
- 2. For other policies, compute the premium at inception using the rates in effect at that time. At each anniversary, compute the premium using the rates in effect at each anniversary. Attach Calculation Of Premium Endorsement [IL 00 03](#).
- 3. Prorate the premium in Paragraph 1. or 2. when the policy is issued for other than a whole number of years.

C. Continuous Policies

Compute the premium at inception using the rates in effect at that time. At each anniversary, compute the premium using the rates in effect at each anniversary.

7. FACTORS OR MULTIPLIERS

Factors or multipliers are to be applied consecutively and not added together unless otherwise specified.

8. ROUNDING PROCEDURE

A. Rates

Round rates, factors and multipliers after the final calculation to three decimal places. Five-tenths or more of a mill shall be considered one mill; for example, .1245 = .125.

B. Premium

Round the premium for each coverage for which a separate premium is calculated, to the nearest whole dollar. Round a premium involving \$.50 or over to the next higher whole dollar.

**Division Eight
COMMERCIAL INLAND MARINE**

9. POLICYWRITING MINIMUM PREMIUM

Refer to Table **9.(LC)** in the multistate loss costs for the policywriting minimum premium.

- A.** For prepaid policies, apply the policywriting minimum premium regardless of term.
- B.** For annual premium payment plan policies or continuous policies, apply the policywriting minimum premium for each annual period.

10. ADDITIONAL PREMIUM CHANGES

A. Calculation Of Premium

- 1. Prorate all changes requiring additional premium.
- 2. In computing the additional premium for:
 - a.** Any changes made to a location included at policy inception, use the rates and rules in effect on the effective date of the policy. If the changes are made after an anniversary date of the policy, use the rates and rules in effect on that anniversary date.
 - b.** Locations which are added after policy inception (including all coverages, options and causes of loss at that location), use the rates and rules in effect as of the date of the change.
 - c.** Any changes made to a location which was added after policy inception, use the rates and rules in effect as of the date the location was added.

The additional premium developed is in addition to any applicable policywriting minimum premium.

B. Waiver Of Premium

Waive additional company premium as shown in Table **10.B.(LC)** in the multistate loss costs. This waiver applies only to that portion of the premium due on the effective date of the policy change.

11. RETURN PREMIUM CHANGES

A. Premium Computation

- 1. Compute return premium at the rates used to calculate the policy premium.
- 2. Compute return premium pro rata and round to the next higher whole dollar when any coverage or exposure is deleted or an amount of insurance is reduced. Retain the policywriting minimum premium.

B. Waiver Of Premium

Waive return company premium as shown in Table **11.B.(LC)** in the multistate loss costs. Grant any return premium due if requested by the insured. This waiver applies only to that portion of the premium due on the effective date of the policy change.

12. POLICY CANCELLATIONS

A. Pro Rata Calculation

Compute return premium pro rata and round to the next higher whole dollar when a policy is cancelled:

- 1. At the company's request.
- 2. Because the insured no longer has a financial or insurable interest in the property or business operation that is the subject of insurance.
- 3. And rewritten in the same company or company group.
- 4. After the first year for a prepaid policy written for a term of more than one year.

B. Other Calculations

If Paragraph **A.** does not apply, compute return premium as follows:

1. Continuous And Annual Premium Payment Policies

Compute return premium by multiplying the pro rata unearned premium for the one year or annual installment period by the factor shown in Table **12.B.1.(RF)** and rounding to the next higher whole dollar.

2. Prepaid Policies

If cancelled during the first year, compute the return premium by multiplying the pro rata unearned premium for the first year by the factor shown in Table **12.B.1.(RF)**, then adding the full annual premium for the subsequent years and rounding to the next higher whole dollar.

**Division Eight
COMMERCIAL INLAND MARINE**

3. Policies With Term Less Than One Year

Compute return premium by multiplying the pro rata unearned premium by the factor shown in Table **12.B.1.(RF)** and rounding to the next higher whole dollar.

C. Retention Of Policywriting Minimum Premium

Retain the policywriting minimum premium when return premium is calculated under Paragraph **B.** except when a policy is cancelled as of the inception date. The policywriting minimum premium is equal to the minimum retained premium.

13. PROTECTIVE DEVICES OR SERVICES

Protective devices or services may be required. The policy must be endorsed to require that the company be notified if the devices or services are discontinued or out of service.

14. RESTRICTIONS OF COVERAGE OR INCREASED RATE

Policies may be issued with special restrictions or at increased premium if:

- A.** The insured agrees in writing; and
- B.** The policy would not be written otherwise.

15. BASIC FORMS APPLICABLE

Attach Common Policy Conditions Form [IL 00 17](#) and Commercial Inland Marine Conditions Form [CM 00 01](#) to all policies, and refer to class rules for basic forms applicable for each class.

16. FORMS PORTFOLIO REFERENCE

Refer to the forms portfolio for information on:

- A.** Policy Changes Endorsement [IL 12 01](#) ;
- B.** Sample Forms; and
- C.** Applicability and edition dates of forms in each state.

17. RESIDENT AGENT COUNTERSIGNATURE

If a resident agent's countersignature is required by state law, use Resident Agent Countersignature Endorsement [IL 09 17](#), unless state law prohibits use of such an endorsement, or so restricts such use as to make it inappropriate.

18. MASTER POLICIES

A master policy under which insurance is afforded to unrelated entities by certificate or otherwise must not be issued for the classes of this division. Master policies are allowed for risk purchasing groups, risk retention groups or similar groups of related entities.

19. SPECIAL RATES OR CONDITIONS AT REQUEST OF COMPANY

- A.** When requesting publication of a special rate or condition submit to the company the following:
 - 1.** The loss record;
 - 2.** The extent of liability and its distribution; and
 - 3.** Any other extenuating or unusual circumstances about the risk in support of special rate or condition.Any special rate or condition shall apply only for the term of the policy for which application is made.
- B.** If the factor upon which the special rate or condition is based on changes so the special rate or condition is no longer justified, the premium shall be recalculated at the regular rate and the coverage amended to the regular conditions, all as of the date of the change.

**Division Eight
COMMERCIAL INLAND MARINE**

20. VALUATION CONDITION

A Valuation Condition may be amended to provide for any other basis of valuation as agreed upon between the company and the insured.

21. TENTATIVE RATES

The rating of certain risks in this division involves the use of Basic Group I rates. When risks not eligible for class rating are not yet specifically rated they may be written at a tentative rate until the specific rate is available. Use Tentative Rate Endorsement [CM 99 04](#). When the specific rate is available, endorse the policy to the specific rate. The new rate will be effective as of the inception date of the applicable coverage.

22. CONVERSION OF FIRE PREMIUMS TO RATES

If the fire rating system applicable does not use rates @\$100 as base, determine the fire contents premium for an amount of \$5,000. Convert it to a rate @\$100 by multiplying by the factor in Table 22.(RF) and use this rate wherever the 80% Coinsurance Basic Group I Personal Property rate is called for.

23. DEDUCTIBLES

A. Base Deductibles

All rates in this manual contemplate a base deductible of \$500 for the following Commercial Inland Marine classes:

- Camera and Musical Instrument Dealers
- Commercial Articles
- Equipment Dealers
- Film
- Floor Plan
- Physicians and Surgeons Equipment
- Theatrical Property
- Valuable Papers

B. Jewelers Block Deductible

A mandatory \$500 deductible applies to the Jewelers Block class. Credits for higher optional deductibles are included in the Jewelers Block Section of this division.

C. Optional Deductibles

For optional deductibles for the classes listed in Paragraph A., adjust the net rate or the net premium. Refer to Table 23.C.(RF). The Deductible Rate Factors displayed in this table are the complements of credits. For example, a Deductible Rate Factor of .94 is equivalent to a 6% credit ($1.00 - .94 = .06$).

24. EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

Attach Exclusion Of Certain Computer-Related Losses Endorsement [IL 09 35](#) to all policies. This endorsement excludes certain risks associated with computer or other electronic equipment failure, malfunction, inadequacy or inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times.

25. COINSURANCE MODIFICATION

For the following rules that reference the 80% coinsurance Basic Group I Personal Property rate or the 80% coinsurance Basic Group II rate of the company, such rates should be modified by the appropriate factor if other than 80% coinsurance applies to the coverage. Refer to Table 25.(RF).

- Accounts Receivable Rule 35.B.
- Camera and Musical Instrument Dealers Rules 51.B. and 52.B.2.a.(1)(a)
- Equipment Dealers Rules 77.B. and 78.B.2.a.(1)(a)
- Film Rule 91.B.
- Physicians and Surgeons Rule 145.A.1.a.

This rule applies only to policies written on a Nonreporting basis.

26-29. RESERVED FOR FUTURE USE

**Division Eight
COMMERCIAL INLAND MARINE**

SECTION II-ACCOUNTS RECEIVABLE

30. DESCRIPTION OF COVERAGE

Accounts Receivable Coverage Form [CM 00 66](#) is an "All Risk" form. It covers the cost of reestablishing records of Accounts Receivable as well as actual loss due to the inability to collect sums due resulting from insured loss of or damage to these records.

31. BASIC FORMS APPLICABLE

- A. For Nonreporting, use Accounts Receivable Coverage Form [CM 00 66](#) .
- B. For Reporting, use Form [CM 00 66](#) and Reporting Endorsement [CM 66 06](#) .

32. ELIGIBILITY

The rules in this section apply to any insureds that extend their credit to customers.

33. RATE SUBMISSIONS

A. Application Submissions

- 1. For Nonreporting, submit signed application to the company for rating for each policy term.
- 2. For Reporting, submit signed application to the company for rating and at each anniversary. The premium will reflect the rates then in effect.

B. Risks With Materially Changed Conditions

New applications may be submitted at any time for risks with materially changed conditions that result in inequitable rates.

33. RATE SUBMISSIONS

A. Application Submissions

- 1. For Nonreporting, submit signed application to the company for rating for each policy term.
- 2. For Reporting, submit signed application to the company for rating and at each anniversary. The premium will reflect the rates then in effect.

B. Risks With Materially Changed Conditions

New applications may be submitted at any time for risks with materially changed conditions that result in inequitable rates.

34. COVERAGE OPTION

Accounts Receivable of designated customers may be excluded. Use Exclusion Of Named Customers Endorsement [CM 66 01](#) .

35. DEFINITION

A. Premium Base means:

- 1. Nonreporting - Limits of Insurance.
- 2. Reporting - Average amount of Accounts Receivable during the past 12 months.

B. Base Rate means the modified 80% coinsurance Basic Group I Personal Property rate of the company (see Rule 2.D.) multiplied by the appropriate factor. Refer to Table 35.B.(RF).

36. PREMIUM DETERMINATION

A. Modified Base Rate

Multiply the Base Rate by the following appropriate factors (apply in sequence to each preceding result):

1. Receptacles

The factors in Table **36.A.1.(RF)** apply to vaults, safes, cabinets or similar containers. For each premises, use the factor for the weakest container in which Accounts Receivable records are kept. However, if

**Division Eight
COMMERCIAL INLAND MARINE**

separate limits are shown in the Declarations for different described containers, use the appropriate factor for each container.

2. Duplicate Records

If duplicate records of Accounts Receivable are maintained in a separate fire division, apply the appropriate factor in Table **36.A.2.(RF)**.

Use Duplicate Records Endorsement [CM 66 04](#).

3. Classification Of Risk

Apply the factor in Table **36.A.3.(RF)** for wholesalers, manufacturers or insurance agents if at least 51% of the covered Accounts Receivable are so classified.

4. Minimum Modified Base Rate

The minimum annual modified base company rate for each premises is shown in Table **36.A.4.(LC)** in the multistate loss costs.

B. Away From Premises

Apply a loading as provided in Paragraph **D.2**.

C. Branch Premises

1. For both Nonreporting and Reporting forms, branch premises should be described, including whether or not they customarily forward records of Accounts Receivable to any other described premises. Branch premises that do customarily forward such records may be covered without additional premium for a limit equal to the highest limit shown for any described premises but not exceeding \$25,000.
2. Refer to Paragraph **D.1**. for rating branch premises that do not customarily forward records of Accounts Receivable to any other described premises. Branch premises that do forward such records, but which require higher limits than provided in Paragraph **1.**, should also be rated in accordance with Paragraph **D.1**.

D. Rating Base Development

1. Described Premises

For each location other than those of Paragraph **C.1.**, multiply the Premium Base by the Modified Base Rate.

2. Away From Premises

Multiply the applicable limit of insurance by the loading in Table **36.D.2.(RF)**.

E. Premium Calculation

Add the results in Paragraphs **D.1.** and **D.2.** to determine the rating base and multiply by the company rate in Table **36.E.(LC)** in the multistate loss costs.

F. Reporting

For Reporting, divide the result by the total of the average amount of Accounts Receivable for the previous 12 months for all premises to determine the annual rate. If monthly payment, multiply the annual rate by the factor in Table **36.F.(RF)**.

G. Example

The rates, including minimum rates, used in the following example are for illustrative purposes only. You should determine from your individual companies what rates are actually in effect.

Nonreporting

Main Premises

Premium Base (Limit of Insurance): \$100,000
Basic Group I Personal Property rate: .800
The modified Basic Group I Personal Property
rate: $.800 \times .732 = .586$
Base Rate (The modified Basic Group
I Personal Property rate $\times .35$):
 $.586 \times .35 = .205$
Receptacle: U.L. Class B Fire Label
(Factor = .70)
Duplicate Records: 60% maintained in
separate fire division

**Division Eight
COMMERCIAL INLAND MARINE**

(Factor = .75)
Classification of Risk: 90% classified as
wholesaler
(Factor = .80)
Minimum Modified Base Rate: .03

Away From Premises

Limit of Insurance: \$15,000
Loading: .25

Branch Premises (Records of Accounts Receivable **not** forwarded to another described premises)

Limit of Insurance: \$50,000
Basic Group I Personal Property rate: .750
The modified Basic Group I Personal Property
rate: $.750 \times .732 = .549$
Base Rate (The modified Basic Group I
Personal Property rate $\times .35$):
 $.549 \times .35 = .192$
Receptacle: U.L. Class C Fire Label
(Factor = .80)
Duplicate Records: 25% maintained in
separate fire division
(Factor = 1.00)
Classification of Risk: 90% classified as
Wholesaler
(Factor = .80)
Minimum Modified Base Rate: .03

Rating Base Development

Main Premises

$(100,000/100) \times \text{Modified Base Rate} =$
 $1,000 \times (.205 \times .70 \times .75 \times .80) = 1,000$
 $\times .086 = 86$

Branch Premises

$(50,000/100) \times \text{Modified Base Rate} = 500$
 $\times (.192 \times .80 \times 1.00 \times .80) = 500 \times$
 $.123 = 62$

Away From Premises: $(15,000/100) \times .25 = 38$

Premium Calculation

Assuming the rate from the multistate loss costs is \$.65, the premium is calculated as follows:

Rating Base $(86 + 62 + 38) = 186$
Premium $= 186 \times \$.65 = \121

37. DEDUCTIBLES

Deductibles are not applicable to Accounts Receivable Coverage.

38. MINIMUM PREMIUM

For Reporting, refer to Table **38.(LC)** in the multistate loss costs.

39-44. RESERVED FOR FUTURE USE

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SECTION III-CAMERA AND MUSICAL INSTRUMENT DEALERS

45. DESCRIPTION OF COVERAGE

Camera And Musical Instrument Dealers Coverage Form [CM 00 21](#) is an "All Risk" Form. It covers stocks of merchandise for Camera and Musical Instrument Dealers. It may be written on a Nonreporting or Reporting basis. The form covers property while at premises of the insured, in transit, away in custody of employees, and elsewhere. Coverage is also provided for the property of others in the insured's custody.

46. BASIC FORMS APPLICABLE

- A. For Nonreporting, use Camera And Musical Instrument Dealers Coverage Form [CM 00 21](#) .
- B. For Reporting, use Form [CM 00 21](#) and Reporting Endorsement [CM 99 02](#) .

47. ELIGIBILITY

A. What Is Eligible

The rules in this section apply to dealers in property consisting principally of:

- 1. Cameras and related equipment and accessories.
- 2. Musical Instruments and related equipment and accessories. Radios, television, record and tape recorders and players are not deemed musical instruments and may only be covered as "other stock".

B. Department Or Discount Store

The rules in this section do not apply to stock that is not usual to the insured camera or musical instrument department.

The PROPERTY NOT COVERED Section of the form must be amended to exclude such property.

C. Manufacturing Operations

The rules in this section do not apply to dealers engaged primarily in manufacturing operations.

48. RATE SUBMISSIONS

A. Application Submissions

- 1. For Nonreporting, submit signed application to the company for rating for each policy term.
- 2. For Reporting, submit signed applications to the company for rating and at each anniversary. The premium will reflect the rates then in effect.

B. Risks With Materially Changed Conditions

New applications may be submitted at any time for risks with materially changed conditions that result in inequitable rates.

49. COVERAGE OPTIONS

A. Covered Property

1. Optional Additional Property

Camera And Musical Instrument Dealers Coverage Form [CM 00 21](#) may be extended to cover the following on a Nonreporting basis for an additional premium per location. See Rule **52.B.2**.

a. Additionally Covered Property

Use Additionally Covered Property Endorsement [CM 99 01](#) to cover:

- Furniture, Fixtures and Office Supplies;
- Improvements and Betterments;
- Machinery, Tools and Fittings;
- Patterns, Dies, Molds and Models.

b. Signs

Use Signs Coverage Form [CM 00 28](#).

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2. Limitation Of Coverage

Coverage may be limited to cameras and related equipment and accessories or musical instruments and related equipment and accessories by substitution of the word "only" for "principally" in the COVERED PROPERTY Section of the form.

B. Earthquake And Flood

Submit requests for coverage for Earthquake or Flood to the company.

C. Increased Limits Of Insurance - Employees Custody And Elsewhere

For each of the Insured's specified locations, limits up to 10% of all limits for the location may be provided for Employees Custody and Elsewhere at no additional premium charge. If the limit is greater than 10% for either, additional premium is required. See Rule **52.A.3.**

50. RESERVED FOR FUTURE USE

51. DEFINITIONS

A. Premium Base means:

1. Nonreporting - Limits of Insurance.
2. Reporting - Highest merchandise inventory plus the average value of property of others during the past 12 months.

B. Base Rate means the modified 80% coinsurance Basic Group I Personal Property rate of the company (see Rule 2.D.).

52. PREMIUM DETERMINATION

A. Rating Base Development

For each location:

1. Base Calculation

Multiply the Premium Base by the Base Rate.

2. Annual Loading

a. Class Loadings

For each location, multiply the Premium Base by the appropriate loading in Table **52.A.2.a.(RF)**.

b. Protection Credits

Apply the following appropriate protection credits in sequence to the results determined in Paragraph **a.**:

(1) Premises Alarm Systems Credits - U.L. Certified Central Station Supervised

Refer to Table **52.A.2.b.(1)(RF)**.

(2) Supplemental Protection Credits

Refer to Table **52.A.2.b.(2)(RF)** for credits for:

- (a)** Second Central Station Premises Alarm System
- (b)** Third Central Station Premises Alarm System
- (c)** Watchperson employed exclusively by the insured and on duty at all times when premises are:
 - (i)** Closed to business
 - (ii)** Open to business
 - (iii)** Central Station Watchperson's Clock

3. Employees Custody And Elsewhere

For increased limits as provided in Rule **49.C.**, apply the appropriate loadings in Table **52.A.3.(RF)** to the amount of increase.

B. Premium Calculation

1. Premium Determination

Add the results in Paragraphs **A.1.** through **A.3.** to determine the rating base and multiply by the company rate in Table **52.B.1.(LC)** in the multistate loss costs. For Reporting, divide the result by the Premium Base to determine the annual rate. If monthly payment, multiply the annual rate by the factor in Table **52.B.1.(RF)**.

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2. Optional Additional Property Forms

- a. Determine premium for Additionally Covered Property Endorsement [CM 99 01](#) covering Furniture, Fixtures and Office Supplies; Improvements and Betterments; Machinery, Tools and Fittings; Patterns, Dies, Molds and Models as follows:
- (1) For each location, multiply the sum of the following by the limit of insurance for that property:
 - (a) The modified 80% coinsurance Basic Group I Personal Property rate (see Rule 2.D.).
 - (b) Annual loading in Table 52.B.2.a.(1)(b)(RF).
 - (2) Multiply the rating base developed in Paragraph (1) by the company rate in Table 52.B.1.(LC) in the multistate loss costs.
- b. For Signs, see the Signs Section of this division.

3. Example

The rates used in the following example are for illustrative purposes only. You should determine from your individual companies what rates are actually in effect.

Location 1

Premium Base (Limit of Insurance): \$80,000
Basic Group I Personal Property rate: .700
Base Rate (The modified Basic Group I Personal Property rate): $.700 \times .732 = .512$
Annual Loading (Camera Dealers): 1.65
Premises Alarms - Central Station
Certificate Grading: A
Extent of Protection: Certified Intermediate (2)
(Credit = 35% or Factor = $1 - .35 = .65$)
Supplemental Protection: Second Central Station Premises Alarm System
(Credit = 10% or Factor = $1 - .10 = .90$)
Increased Limits - Employees Custody
Amount of Increase: \$20,000
Loading: 2.00
Optional Additional Property
Limit of Insurance (Machinery and Tools): \$10,000
Limit of Insurance (Improvements and Betterments): \$5,000
The modified Basic Group I Personal Property rate + Loading = $.512 + .20 = .712$

Location 2

Premium Base (Limit of Insurance): \$20,000
Basic Group I Personal Property rate: .800
Base Rate (The modified Basic Group I Personal Property rate): $.800 \times .732 = .586$
Annual Loading (Camera Dealers): 1.65
Premises Alarms - Police Connected (Reduce extent of protection credit by 50% or Factor = $1 - .50 = .50$)
Certificate Grading: BB
Extent of Protection: Certified High (1) (Credit = $40\% \times .50 = 20\%$ or Factor = $1 - .20 = .80$)
Supplemental Protection: Watchperson - Open to Business (Credit = 10% or Factor = $1 - .10 = .90$)

Premium Calculation

Location 1

| | | | | |
|--------------|---|------|---|-------|
| (80,000/100) | x | .512 | = | 410 |
| (80,000/100) | x | 1.65 | = | 1,320 |
| 1,320 x .65 | x | .90 | = | 772 |
| (20,000/100) | x | 2.00 | = | 400 |

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$$(15,000/100) \times .712 = 107$$

Assuming the rate from the multistate loss costs is \$1.10, the premium for Location 1 is calculated as follows:

$$\text{Rating Base } (410 + 772 + 400 + 107) = 1,689$$

$$\text{Premium} = 1,689 \times \$1.10 = \$1,858$$

Location 2

$$(20,000/100) \times .586 = 117$$

$$(20,000/100) \times 1.65 = 330$$

$$330 \times .80 \times .90 = 238$$

Assuming the rate from the multistate loss costs is \$1.10, the premium for Location 2 is calculated as follows:

$$\text{Rating Base} = 117 + 238 = 355$$

$$\text{Premium} = 355 \times \$1.10 = \$391$$

$$\text{Total Premium} = \$1,858 + \$391 = \$2,249$$

53. MINIMUM PREMIUM

Refer to Table **53.(LC)** in the multistate loss costs.

54-59. RESERVED FOR FUTURE USE

60. DESCRIPTION OF COVERAGE

Commercial Articles Coverage Form [CM 00 20](#) is an "All Risk" form covering:

- A. Cameras, projection machines and related equipment and accessories.
- B. Musical Instruments and related equipment and accessories.

61. BASIC FORM APPLICABLE

Use Commercial Articles Coverage Form [CM 00 20](#). All covered property must be scheduled with a limit of insurance shown for each scheduled item.

62. ELIGIBILITY

A. What Is Eligible

The rules in this section apply to:

- 1. Cameras, projection machines and photographic equipment, used for commercial purposes.
- 2. Musical Instruments and equipment, including stationary organs to be used for remuneration or before the public.

B. Ineligible Risks

The rules in this section do not apply to the following types of Cameras:

- 1. Television cameras and equipment.
- 2. Coin or token-operated devices.
- 3. Cameras or other camera property insured in the name of dealers or their manufacturers.
- 4. Aerial cameras or radar cameras.

63. COVERAGE OPTIONS

A. Large Schedules

Large schedules may be kept on file at a designated place. Use List Of Property On File Endorsement [CM 20 02](#).

B. Blanket Items

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All or any part of the property covered by Commercial Articles Coverage Form [CM 00 20](#) may be insured on a blanket basis at the discretion of the company. When blanket coverage applies, the form will contain a coinsurance condition and the Additionally Acquired Property condition will be deleted.

64. PREMIUM DETERMINATION

A. Premium Development

1. Cameras

Commercial (Ex. Motion Picture Producers): Refer to Table **64.A.1.#1(LC)** in the multistate loss costs.

Motion Picture Producers: Refer to Table **64.A.1.#2(LC)** in the multistate loss costs.

2. Musical Instruments

a. Individuals - Professional

Refer to Table **64.A.2.a.(LC)** in the multistate loss costs.

b. Other Than Individuals

Dance Bands, Orchestras: Refer to Table **64.A.2.b.(LC)** in the multistate loss costs.

All Other Bands, Orchestras, Chamber Music Ensembles and Similar Groups and Boards of Education or Municipalities: Refer to Table **64.A.2.b.(LC)** in the multistate loss costs.

These rates also apply to individuals when their instruments are included with coverage for the group provided the individual is a bona fide member of that group.

3. Organs Not Of A Mobile Nature

a. Basic Charge

Multiply the limit of insurance by the following: the factor in Table **64.A.3.a.(RF)** times the sum of the modified 80% coinsurance Basic Group I Personal Property rate and the modified 80% coinsurance Basic Group II Personal Property rate of the company (see Rule **2.D.**).

b. Annual Loading

Multiply the limit of insurance by the appropriate loadings. Refer to Table **64.A.3.b.(RF)**.

B. Premium Calculation

1. Cameras And Musical Instruments Other Than Organs Not Of A Mobile Nature

Multiply the limit of insurance by the corresponding company rate in the multistate loss costs.

2. Organs Not Of A Mobile Nature

Add the results in Paragraphs **A.3.a.** and **A.3.b.** to determine the rating base and multiply by the company rate in Table **64.B.2.(LC)** in the multistate loss costs.

65-69. RESERVED FOR FUTURE USE

SECTION V-EQUIPMENT DEALERS

70. DESCRIPTION OF COVERAGE

Equipment Dealers Coverage Form [CM 00 22](#) is an "All Risk" form. It covers stock of merchandise for Equipment Dealers. It may be written on a Nonreporting or Reporting basis. The form covers property while at premises of the insured (in building and outside building), in transit, and elsewhere. Coverage is also provided for the property of others in the insured's custody.

71. BASIC FORMS APPLICABLE

A. For Nonreporting, use Equipment Dealers Coverage Form [CM 00 22](#).

B. For Reporting, use Form [CM 00 22](#) and Reporting Endorsement [CM 99 02](#).

72. ELIGIBILITY

A. What Is Eligible

The rules in this section apply to dealers in property consisting principally of mobile agricultural and construction equipment and related accessories.

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B. Department Or Discount Store

The rules in this section do not apply to stock that is not usual to the insured's equipment department.
The PROPERTY NOT COVERED Section of the form must be amended to exclude such property.

73. RATE SUBMISSIONS

A. Application Submissions

1. For Nonreporting, submit signed application to the company for rating for each policy period.
2. For Reporting, submit signed application to the company for rating and at each anniversary. The premium will reflect the rates then in effect.

B. Risks With Materially Changed Conditions

New applications may be submitted at any time for risks with materially changed conditions that result in inequitable rates.

74. COVERAGE OPTIONS

A. Optional Additional Property

Equipment Dealers Coverage Form [CM 00 22](#) may be extended to cover the following on a Nonreporting basis for an additional premium per location. See Rule **78.B.2**.

1. Additionally Covered Property

Use Additionally Covered Property Endorsement [CM 99 01](#) to cover:

- Furniture, Fixtures and Office Supplies;
- Improvements and Betterments;
- Machinery, Tools and Fittings;
- Patterns, Dies, Molds and Models.

2. Signs

Use Signs Coverage Form [CM 00 28](#).

B. Flood

Submit requests for coverage for Flood to the company.

C. New Ownership Or New Business

Use New Business - Premium Adjustment Endorsement [CM 99 03](#) for a new business or new ownership when the rate and premium are provisional.

D. Exclusion Of Property Of Any Named Person, Firm Or Corporation Other Than The Insured

Coverage of specifically identified property owned by any named person, firm or corporation other than the insured may be excluded. Refer to company.

75. NEWLY ACQUIRED LOCATIONS AND ELSEWHERE

The limit of insurance for automatic coverage at newly acquired locations, or elsewhere, shall not exceed 25% of the lesser of the following limits:

- A. The limit for all property at all locations.
- B. The total of limits of insurance at all locations listed in the declarations.

76. RESERVED FOR FUTURE USE

77. DEFINITIONS

A. Premium Base means:

1. Nonreporting - Limits of Insurance.
2. Reporting - Highest merchandise inventory plus the average value of property of others during the past 12 months.

B. Base Rate means the modified 80% coinsurance Basic Group I Personal Property rate of the company (see Rule **2.D.).**

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78. PREMIUM DETERMINATION

A. Rating Base Development

1. Specified Locations - Inside Buildings

For each location, multiply the Premium Base by the Base Rate.

2. Specified Locations - Outside Buildings

For each location, multiply the highest merchandise inventory plus the average value of property of others during the past 12 months by the loading in Table **78.A.2.(RF)**.

3. Elsewhere

For property located at unspecified locations, multiply the highest merchandise inventory plus the average value of property of others during the past 12 months by the loading in Table **78.A.3.(RF)**.

4. Annual Loading

Multiply the sum of the premium bases in Paragraphs **1.** through **3.** by the loading in Table **78.A.4.(RF)**.

B. Premium Calculation

1. Premium Determination

Add the results in Paragraphs **A.1.** through **A.4.** to determine the rating base and multiply by the company rate in Table **78.B.1.(LC)** in the multistate loss costs. For Reporting, divide the result by the sum of the premium bases used in Paragraph **A.4.** to determine the annual rate. If monthly payment, multiply the annual rate by the factor in Table **78.B.1.(RF)**.

2. Optional Additional Property Forms

- a.** Determine premium for Additionally Covered Property Endorsement **CM 99 01** covering Furniture, Fixtures and Office Supplies; Improvements and Betterments; Machinery, Tools and Fittings; Patterns, Dies, Molds and Models as follows:

(1) For each location, multiply the sum of the following by the limit of insurance for that property:

- (a)** The modified 80% coinsurance Basic Group I Personal Property rate (see Rule **2.D.**).
- (b)** Annual loading in Table **78.B.2.a.(1)(b)(RF)**.

(2) Multiply the rating base developed in Paragraph **(1)** by the company rate in Table **78.B.1.(LC)** in the multistate loss costs.

- b.** For Signs, see the Signs Section of this division.

C. Experience Modification

1. Eligibility Equipment Dealers Experience Rating Plan

The calculation of the experience modification is based on the experience of all locations at which this business has been conducted for not less than a three-year period preceding the date of rating. The experience period shall be the entire consecutive three-year period during which the business was conducted.

2. Application Of The Plan

- a.** Each eligible risk must receive an experience modification under this Plan.
- b.** The experience to be used shall be the losses (less salvage or recoveries) incurred and the actual premiums earned for Equipment Dealers policies during the experience period. "Incurred" shall mean all paid and outstanding losses.
- c.** When Equipment Dealers Insurance was effective during any part of the experience period with other insurers, the application shall be accompanied by a supplemental statement signed by the applicant containing the information necessary for the application of this Plan; that is, the names of the insurers, the term of each policy and the actual earned premiums. Losses incurred by such insurers shall be included in this statement.
- d.** The experience modification is applicable to the total premium developed for the risk.

3. Determination Of Experience Modification

- a.** Determine the actual loss ratio for the experience period by dividing the total incurred losses by the aggregate premium as defined in Paragraph **2.b.**
- b.** The Credibility Factor is based upon the total premium during the experience period. Refer to Table **78.C.3.b.(RF)**.

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- c. The application of the experience modification shall not reduce the Minimum Premium.
- d. The experience modification shall be developed using the following formula:
$$\{(\text{Actual LR} - \text{Maximum LR}) / \text{Maximum LR}\} \times \text{Credibility Factor} = \text{Experience Modification}$$

For purposes of computation, the Actual Loss Ratio can be no larger than 100%. Thus, if an insured's ALR is 125%, the figure 100% would be used in the formula. The Maximum Loss Ratio = 50%.
- e. Any credit under 5% shall be waived.

79. MINIMUM PREMIUM

Refer to Table **79.(LC)** in the multistate loss costs.

80-84. RESERVED FOR FUTURE USE

SECTION VI-FILM

85. DESCRIPTION OF COVERAGE

Film Coverage Form [CM 00 45](#) is an "All Risk" form. It may be written on a Nonreporting or Reporting basis with premium adjustment upon completion of each production. It covers:

- A. Exposed motion picture film, including sound recordings; and
- B. Magnetic or video tapes that have been properly recorded;

until the full quota of positive prints or films has been made.

86. BASIC FORMS APPLICABLE

- A. For Nonreporting, use Film Coverage Form [CM 00 45](#) and Nonreporting Endorsement [CM 45 01](#).
- B. For Reporting, use Form [CM 00 45](#).

87. ELIGIBILITY

The rules in this section apply to insureds who engage in the commercial production of motion picture films or the commercial recording of magnetic or video tapes.

88. RATE SUBMISSIONS

A. Application Submissions

- 1. For Nonreporting, submit signed application to the company for rating for each policy term.
- 2. For Reporting, submit signed application to the company for rating and at each anniversary. The premium will reflect the rates then in effect.

B. Risks With Materially Changed Conditions

New applications may be submitted at any time for risks with materially changed conditions that result in inequitable rates.

89. COVERAGE OPTIONS

A. Restriction Of Coverage To Specified Locations

Coverage may be restricted to specified locations.

B. Reporting - Monthly Payment

The Reports and Premium condition may be amended to require monthly reporting. Refer to company for appropriate coverage change.

90. RESERVED FOR FUTURE USE

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91. DEFINITIONS

A. Premium Base means:

1. Nonreporting - Limits of Insurance for each production.
2. Reporting - Estimated cost of production.

B. Base Rate means the sum of the modified 80% coinsurance Basic Group I Personal Property rate and the modified 80% coinsurance Basic Group II Personal Property rate of the company (see Rule **2.D.**) multiplied by the factors in Table **91.B.(RF)**.

When coverage applies at two or more locations, develop an average 80% coinsurance Basic Group I Personal Property rate and 80% coinsurance Basic Group II Personal Property rate for all locations.

92. PREMIUM DETERMINATION

A. Rating Base Development

For each production:

1. Multiply the Premium Base by the Base Rate.
2. Multiply the Premium Base by the appropriate annual loading in Table **92.A.2.(RF)** for:
 - a. All locations
 - b. Only at studios, laboratories, vaults, cutting rooms or in transit between such locations
 - c. Vaults only

B. Premium Calculation

1. For Nonreporting, add the results in Paragraphs **A.1.** and **A.2.** to determine the rating base and multiply by the company rate in Table **92.B.1.(LC)** in the multistate loss costs.
2. For Reporting, add the results in Paragraphs **A.1** and **A.2.** to determine the rating base and multiply by the company rate in Table **92.B.1.(LC)** in the multistate loss costs. Divide by the Premium Base to determine rate. If monthly payment, multiply the result by the factor in Table **92.B.2.(RF)**.

93. MINIMUM PREMIUM

Refer to Table **93.(LC)** in the multistate loss costs.

94-99. RESERVED FOR FUTURE USE

SECTION VII-FLOOR PLAN

100. DESCRIPTION OF COVERAGE

Floor Plan Coverage Form [CM 00 52](#) is an "All Risk" form written on a Monthly Reporting - Monthly Payment basis. It covers merchandise for sale that has been financed. This form covers the Single Interest of the dealer or the lending institution or covers their Dual Interest.

101. BASIC FORM APPLICABLE

Use Floor Plan Coverage Form [CM 00 52](#) .

102. ELIGIBILITY

A. What Is Eligible

The rules in this section apply to:

1. A dealer who has borrowed from a lending institution to pay for the Covered Property; or
2. The lending institution that has financed the Covered Property.

B. Restrictions

The following restrictions also apply:

1. The Covered Property is specifically identifiable as encumbered to the lending institution; and

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2. The dealers' right to sell or otherwise dispose of the Covered Property is conditioned upon its release from encumbrance by the lending institution.

C. Manufacturing Or Processing

The rules in this section do not apply to risks engaged in manufacturing or processing.

103. RATE SUBMISSIONS

- A. Submit signed application to the company for rating and at each anniversary. The premium will reflect the rates then in effect.
- B. New applications may be submitted at any time for risks with materially changed conditions that result in inequitable rates.

104. COVERAGE OPTIONS

A. Flood

Submit requests for coverage for Flood to the company.

B. Right Of Recovery

Submit requests to the company for modification of the company's right of recovery against others.

105. RESERVED FOR FUTURE USE

106. DEFINITIONS

- A. Premium Base means:
 1. Dual Interest - values
 2. Single Interest for a:
 - a. Lending Institution - outstanding balance
 - b. Dealer - payments
- B. Base Rate means the sum of the modified 80% coinsurance Basic Group I Personal Property rate and the modified 80% coinsurance Basic Group II Personal Property rate of the company (see Rule **2.D.**) multiplied by the factor in Table **106.B.(RF)**.

107. PREMIUM DETERMINATION

A. Rating Base Development

1. Specified Locations

- a. Determine the Base Rate by location and:
 - (1) For each location, multiply the limit of insurance by the Base Rate.
 - (2) Divide the result in Paragraph (1) for all locations by the total limits of insurance to determine the annual base rate and multiply by the factor in Table **107.A.1.a.(2)(RF)**.

For each annual rerating after the first policy year, substitute the monthly average of the amounts reported during the preceding year at each location for the limit of insurance in Paragraphs (1) and (2).
- b. Annual Loading: Refer to Table **107.A.1.b.(RF)**.
- c. Add the monthly results determined in Paragraphs a. and b.
- d. Multiply the Premium Base by the monthly results determined in Paragraph c.

2. Unspecified Locations

Multiply the Premium Base by the monthly loadings in Table **107.A.2.(RF)**.

B. Premium Calculation

Add the results in Paragraphs **A.1.** and **A.2.** to determine the rating base and multiply by the company rate in Table **107.B.(LC)** in the multistate loss costs. Multiply the result by 12 to determine the estimated annual premium.

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108. MINIMUM PREMIUM

Refer to Table **108.(LC)** in the multistate loss costs.

109-114. RESERVED FOR FUTURE USE

SECTION VIII-JEWELERS BLOCK

115. DESCRIPTION OF COVERAGE

Jewelers Block Coverage Form [CM 00 59](#) is an "All Risk" form. It covers stocks of merchandise for retailers with average inventories up to \$250,000. It must be written on a Nonreporting basis. The form covers property while at the premises of the insured, in transit, away in custody of employees, and elsewhere. It may also include the insured's interest in the property of others or the insured's legal liability for property of others.

116. BASIC FORMS APPLICABLE

Use Jewelers Block Coverage Form [CM 00 59](#) and Proposal For Jewelers Block Coverage Form [CM 59 90](#).

117. ELIGIBILITY

A. What Is Eligible

The rules in this section apply to forms covering pearls, precious and semiprecious stones, jewels, jewelry, watches and watch movements, gold, silver, platinum, other precious metals and alloys used or held for use for commercial purpose.

B. Department Or Discount Store

The rules in this section do not apply to stock that is not usual to the insured's jewelry, silverware or watch department.

The PROPERTY NOT COVERED Section of the form must be amended to exclude such property.

C. Ineligible Risks

The rules in this section do not apply to:

1. Retailers with average inventories of \$250,000 or over
2. Pawnbrokers
3. Loose Diamond Risks
4. Wholesalers and Manufacturers
5. Bullion and Precious Metal Dealers
6. Industrial Diamond Risks
7. Auction Dealers
8. Fine Arts and Antique Dealers
9. Exhibition Risks, providing such policies do not cover the premises of the insured. See Rule **119.C.1**.
10. Watch Repair Risks

118. RATE SUBMISSIONS

- A. Submit signed application to the company for rating for each policy term. Complete particulars are required for each location.
- B. The premium for each location shall be separately calculated and separate limits for each location be stipulated in the Coverage Form.

119. COVERAGE OPTIONS

A. Optional Additional Coverages

Separate limits of insurance must be shown for any of the following options:

1. For shipments:
 - a. In transit by Registered Mail;

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- b. In transit by armored car service;
- c. In transit by delivery companies; and
- d. All other shipments covered by Coverage Form;

see Rule 124.G.

- 2. For property in the custody of another dealer, see Rule 124.F.
- 3. For property deposited in the safe or vault of a bank or safe deposit company, see Rule 124.F.
- 4. For off premises coverage including travel and messenger, see Rule 124.E. When the limit of insurance exceeds \$5,000, use Limitation On Property Away From Premises Endorsement [CM 59 07](#) .

B. Optional Additional Property

Jewelers Block Coverage Form [CM 00 59](#) may be extended to cover the following:

- 1. For Additionally Covered Property, see Rule 124.J.2. to cover:
 - o Furniture, Fixtures and Office Supplies;
 - o Improvements and Betterments;
 - o Machinery, Tools and Fittings;
 - o Patterns, Dies, Molds and Models.

Use Additionally Covered Property Endorsement [CM 99 01](#) .

- 2. For Money, see Rule 124.J.1.

C. Coverage Extensions

1. Exhibition Risks

Policies may be extended to cover property at exhibitions promoted or financially assisted by any public authority or trade association for additional premium at rates of the company. The endorsement shall specify the place and duration of the exhibition.

2. Property In Show Windows And Outside Showcases

See Rule 124.D.

3. Territorial Limits

At the discretion of the company, territorial limits in the coverage form may be extended at rates determined by the company.

4. Registered Mail

The form may be endorsed, for a reduction in premium, to include a \$25,000 deductible applicable to all shipments. Use Registered Mail Deductible Endorsement [CM 59 03](#) .

D. Earthquake And Flood

Submit requests for coverage for Earthquake or Flood to the company.

120. DEDUCTIBLES

This coverage may also be written on a \$1,000, \$2,500, \$5,000, \$10,000 or higher deductible basis. See Rule **124.K.**

121. JEWELERS' SECURITY ALLIANCE

Credit is allowed for membership in the Jewelers' Security Alliance. See Rule 124.L.

122. NEW OWNERSHIP AND NEW BUSINESS

- A. Interest in a policy must not be transferred to a new ownership that succeeds the original Proposer unless an endorsement signed by the new principals of the business is attached to the policy accepting the representations and warranties of the Proposal as binding upon them.
- B. When Proposals are submitted for a new business or a new ownership, conducted for a period of less than six months prior to the date of the Proposal, and information required for rating is lacking or supplied as estimates for the term of the coverage applied for, the premium must be computed as provisional only, and the risk must

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be rerated after the first six months of coverage on the basis of current Proposals to be submitted at the time.
Use New Business - Premium Adjustment Endorsement [CM 99 03](#) .

123. RESERVED FOR FUTURE USE

SECTION I - GENERAL RULE

9. POLICYWRITING MINIMUM PREMIUM – None Applicable

Table 9.(LC) Policywriting Minimum Premium

10. ADDITIONAL PREMIUM CHANGES

| Waiver Of Additional Premium |
|------------------------------|
| \$5.00 less |

Table 10.B.(LC) Waiver Of Additional Premium

11. RETURN PREMIUM CHANGES

| |
|-----------------|
| \$ 5.00 or less |
|-----------------|

Table 11.B.(LC) Waiver Of Return Premium

SECTION II - ACCOUNTS RECEIVABLE

36. PREMIUM DETERMINATION

| |
|--|
| Minimum Modified Base Rate - None Applicable |
|--|

Table 36.A.4.(LC) Minimum Modified Base Rate

| Loss Cost |
|-----------|
| \$.122 |

Table 36.E.(LC) Accounts Receivable Loss Cost

38. MINIMUM PREMIUM

| |
|---|
| Reporting Minimum Premium None Applicable |
|---|

Table 38.(LC) Reporting Minimum Premium

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SECTION III - CAMERA AND MUSICAL INSTRUMENT DEALERS

52. PREMIUM DETERMINATION

| Class | Loss Costs |
|----------------------------|------------|
| Camera Dealers | \$.257 |
| Musical Instrument Dealers | .168 |

Table 52.B.1.(LC) Camera And Musical Instrument Dealers Loss Costs

53. MINIMUM PREMIUM - None Applicable

Table 53.(LC) Camera And Musical Instrument Dealers No Minimum Premium

SECTION IV - COMMERCIAL ARTICLES

64. PREMIUM DETERMINATION

| Limit | Loss Costs |
|-----------------|------------|
| First \$15,000 | \$.203 |
| All Over 15,000 | .158 |

Table 64.A.1.#1(LC) Commercial Cameras (Excluding Motion Picture Producers) Loss Costs

| Limit | Loss Costs |
|-----------------|------------|
| First \$15,000 | \$.210 |
| All Over 15,000 | .166 |

Table 64.A.1.#2(LC) Commercial Cameras Motion Picture Producers Loss Costs

| Limit | Loss Costs |
|----------------|------------|
| First \$1,500 | \$.261 |
| All Over 1,500 | .076 |

Table 64.A.2.a.(LC) Musical Instruments Individuals - Professional Loss Costs

| Class | Loss Costs |
|---|------------|
| Dance Bands, Orchestras | \$.090 |
| All Other Bands, Orchestras, Chamber Music Ensembles and Similar Groups and Boards of Education or Municipalities | .040 |

Table 64.A.2.b.(LC) Musical Instruments Other Than Individuals Loss Costs

| Loss Cost |
|-----------|
| \$.060 |

Table 64.B.2.(LC) Organs Not Of A Mobile Nature Loss Cost

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SECTION V - EQUIPMENT DEALERS

78. PREMIUM DETERMINATION

| Loss Cost |
|-----------|
| \$.262 |

Table 78.B.1.(LC) Equipment Dealers Loss Cost

79. MINIMUM PREMIUM - None Applicable

Table 79.(LC) Equipment Dealers Minimum Premium

SECTION VI - FILM

92. PREMIUM DETERMINATION

| Loss Cost |
|-----------|
| \$.034 |

Table 92.B.1.(LC) Film Loss Cost

93. MINIMUM PREMIUM

| |
|-----------------------------------|
| Minimum Premium - None Applicable |
|-----------------------------------|

Table 93.(LC) Film Minimum Premium

SECTION VII - FLOOR PLAN

107. PREMIUM DETERMINATION

| Loss Cost |
|-----------|
| \$.494 |

Table 107.B.(LC) Floor Plan Loss Cost

108. MINIMUM PREMIUM

| |
|-----------------------------------|
| Minimum Premium - None Applicable |
|-----------------------------------|

Table 108.(LC) Floor Plan Minimum Premium

SECTION VIII - JEWELERS BLOCK

124. PREMIUM DETERMINATION

| Loss Cost |
|-----------|
| \$.155 |

Table 124.(LC) Jewelers' Block Loss Cost

| |
|--|
| Flat Credit Per Policy None Applicable |
|--|

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Table 124.L.(LC) Jewelers' Security Alliance Credit

125. MINIMUM PREMIUM

| |
|-----------------------------------|
| Minimum Premium - None Applicable |
|-----------------------------------|

Table 125.(LC) Jewelers' Block Minimum Premium

SECTION IX - MAIL

135. PREMIUM DETERMINATION

| Covered Property | Loss Costs (Per \$1,000) |
|---------------------------|--------------------------|
| Negotiable Securities | \$.013 |
| Non-negotiable Securities | .003 |
| Detached Coupons | .026 |

Table 135.A.1.a.(LC) First Class Mail Sent To Certain Specified Destinations Loss Costs

| Covered Property | Loss Costs (Per \$1,000) |
|---------------------------|--------------------------|
| Negotiable Securities | \$.010 |
| Non-negotiable Securities | .002 |
| Detached Coupons | .019 |

Table 135.A.1.b.(LC) Certified Mail Sent To Certain Specified Destinations Loss Costs

| Covered Property | Loss Costs (Per \$1,000) |
|---------------------------|--------------------------|
| Negotiable Securities | \$.007 |
| Non-negotiable Securities | .002 |
| Detached Coupons | .015 |

Table 135.A.1.c.(LC) U.S. Postal Service Express Mail Sent To Certain Specified Destinations Loss Costs

| Covered Property | Loss Costs (Per \$1,000) |
|---------------------------|--------------------------|
| Negotiable Securities | Not Covered |
| Non-negotiable Securities | \$.013 |
| Detached Coupons | .078 |

Table 135.A.2.a.(LC)(v.2) First Class Mail Sent To Other Destinations Loss Costs

| Covered Property | Loss Costs (Per \$1,000) |
|---------------------------|--------------------------|
| Negotiable Securities | Not Covered |
| Non-negotiable Securities | \$.007 |
| Detached Coupons | .048 |

Table 135.A.2.b.(LC) Certified Mail Sent To Other Destinations Loss Costs

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| Covered Property | Loss Costs (Per \$1,000) |
|---------------------------|---------------------------------|
| Negotiable Securities | \$.023 |
| Non-negotiable Securities | .007 |
| Detached Coupons | .045 |

Table 135.A.2.c.(LC) U.S. Postal Service Express Mail Sent To Other Destinations Loss Costs

| Covered Property | Annual Reporting Period | | Monthly Or Other Reporting Period | |
|--|---------------------------------|----------------------|--|----------------------|
| | Loss Costs (Per \$1,000) | | Loss Costs (Per \$1,000) | |
| | All Except Within Alaska | Within Alaska | All Except Within Alaska | Within Alaska |
| Non-negotiable Securities | \$.002 | \$.011 | \$.002 | \$.007 |
| Bullion And Other Property Described In Paragraph d. Under Covered Property | .010 | .048 | .013 | .066 |
| Currency And Other Property Described In Paragraph e. Under Covered Property | .010 | .048 | .013 | .066 |
| All Other Covered Property | .010 | .048 | .006 | .032 |

Table 135.A.3.(LC) Registered Mail Loss Costs

| Coverage | Value Per Shipping Package | Loss Cost Per Shipping Package |
|---------------------|-----------------------------------|---------------------------------------|
| First Class Mail | Up to \$ 100,000 | \$.011 |
| Certified Mail | Up to 100,000 | .007 |
| U.S. Postal Service | | |
| Express Mail | Up to 100,000 | .006 |
| Registered Mail | Up to 100,000 | .005 |
| | \$ 100,001 - 500,000 | .118 |
| | 500,001 - 1,000,000 | .292 |
| | 1,000,001 - 2,000,000 | 1.089 |
| | 2,000,001 - 3,000,000 | 1.886 |
| | 3,000,001 - 4,000,000 | 2.687 |
| | 4,000,001 - 5,000,000 | 3.483 |

Table 135.B.1.(LC) Transfer Agents Mail Loss Costs

| Coverage | Loss Costs | |
|------------------|---|--|
| | When Paragraph b.(2) Of B. Valuation Applies | When Paragraph b.(2) Of B. Valuation Is Deleted |
| First Class Mail | \$.018 | \$.015 |
| Certified Mail | .011 | .010 |

Table 135.B.4.(LC) Loss Costs Per Shipping Package

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136. MINIMUM PREMIUM

| | |
|--|--|
| | Minimum Premium - None Applicable |
|--|--|

Table 136.(LC) Mail Minimum Premium

SECTION X - PHYSICIANS AND SURGEONS

145. PREMIUM DETERMINATION

| Loss Cost |
|-----------|
| \$.093 |

Table 145.A.1.c.(LC) Physicians And Surgeons Loss Cost

| Loss Cost |
|-----------|
| \$ 5.640 |

Table 145.A.2.(LC) Additional Coverage Extensions Loss Cost

| Limit | Loss Costs |
|----------------|------------|
| First \$1,000 | \$ 1.062 |
| All Over 1,000 | .526 |

Table 145.A.3.(LC) Coverage Limited To Property Usually Carried By The Insured Loss Costs

| Deductible | Loss Costs |
|------------|------------|
| \$ 1,000 | \$.056 |
| 2,500 | .045 |
| 5,000 | .028 |
| 10,000 | .011 |

Table 145.A.4.(LC) Artificially Generated Electric, Magnetic Or Electromagnetic Energy Coverage Loss Costs

SECTION XI - SIGNS

155. PREMIUM DETERMINATION

| Region | Loss Costs | |
|--|---------------|---------------------|
| | Full Coverage | Deductible Coverage |
| AL, FL, GA, LA, MS, NC, PR, SC, TX, VA | \$.771 | \$.386 |
| Balance of U.S. | .386 | .193 |

Table 155.A.1.(LC) Outside Signs Loss Costs

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SECTION XII - THEATRICAL PROPERTY

164. PREMIUM DETERMINATION

| Loss Cost |
|-----------|
| \$.086 |

Table 164.B.2.(LC) Theatrical Property Loss Cost

SECTION XIII - VALUABLE PAPERS

174. DEFINITION

| Minimum Loading |
|----------------------|
| \$ †† |
| †† Refer to company. |

Table 174.A.(LC) Valuable Papers And Records Minimum Loading

175. PREMIUM DETERMINATION

| Loss Cost |
|-----------|
| \$.035 |

Table 175.D.(LC) Valuable Papers And Records Loss Cost

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COMMERCIAL LINES SCHEDULE RATING PLAN

1. This plan may be applied to any risk and to coverages and policies written under the following Commercial Lines Manual Divisions unless otherwise noted:
 - a. Crime and Fidelity;
 - b. Commercial Property;
 - c. Commercial General Liability;
 - d. Commercial Inland Marine;
 - e. Commercial Package Policy
2. The company rates for a risk may be modified in accordance with the following table to recognize such special characteristics as are not fully reflected in the basic company premium or rates.
3. This plan shall be applied after the application of all other rating procedures.
4. The total credits or debits under the following table shall not exceed the amount listed in the Maximum Modification Table.
5. Any ISO Experience and Schedule Rating Plan or Individual Risk Modification Plan applicable to the policies or coverages listed under paragraph 1. do not apply and are replaced by this plan

SCHEDULE RATING TABLE

| RISK CHARACTERISTICS | DESCRIPTION | RANGE OF MODIFICATIONS | | |
|-----------------------------|---|-------------------------------|----|--------------|
| | | Credit | | Debit |
| Management | Cooperation in matters of safeguarding and proper handling of the property covered. | 20% | to | 20% |
| Location – inside | Exposure inside premises | 20% | to | 20% |
| Location – outside | Exposure outside premises - accessibility and environment. | 20% | to | 20% |
| Building Features | Age, condition and unusual structural features. | 20% | to | 20% |
| Premises and Equipment | Care, condition and type. | 20% | to | 20% |
| Employees | Selection, training, supervision, and experience. | 20% | to | 20% |
| Protection | Protection not otherwise recognized such as audit procedures, internal controls, safes, vaults, alarm systems and security personnel. | 20% | to | 20% |
| Classification | Peculiarities of classification. | 20% | to | 20% |

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RULE 1.

DESCRIPTION OF THE PLAN

- A. This plan recognizes the following:
 - 1. Loss Costs published by Insurance Services Office (ISO) are average loss costs and do not reflect certain inherent risk management strengths or weaknesses possessed by an individual insured.
 - 2. Insureds with limited loss expectancy would pay more premium than is equitable if they were combined with homogeneous groupings of insured that have a much greater expectancy of loss.
- B. This program shall be applied in a fair and nondiscriminatory manner based upon the individual risk quality of the insured.
- C. Pricing based upon the presence or absence of hazards and controls not contemplated in any individual risk rating plan provides the basis to the tiered pricing philosophy.
- D. This rating plan will be used for Commercial General Liability, Property, Inland Marine, Crime and Automobile coverages.

RULE 2.

RISK QUALITY FACTORS

This program contains four designated levels of risk quality: Superior, Preferred, Standard and Substandard. Each of the level of risk quality is assigned a tiered pricing factor as follows:

The following tier factors will apply to the final rates calculated using the ISO manual.

| TIER | | FACTOR |
|-------------|-------------|---------------|
| 1 | Nonstandard | 1.20 |
| 2 | Standard | 1.00 |
| 3 | Preferred | 0.80 |
| 4 | Superior | 0.60 |

RULE 3.

RISK QUALITY FACTORS

Tiered Rating Guidelines

A four-tiered rating plan was formulated to recognize account characteristics which are not fully contemplated in average loss costs and rating plans developed by Insurance Services Offices, Inc. (ISO). The tiered rating plan should apply to individual risk criteria for each account.

- A. Specific criteria for selecting the appropriate pricing tier are contained in Rule 4. – Risk Placement Procedures. Risk quality can be measured by identifying hazards and their matching controls.
 - 1. **High quality insureds:**
 - a. Have eliminated hazards, or
 - b. Have established controls to reduce frequency or severity of losses associated with hazards.

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Such insureds should pay less than insureds that are not high-quality insureds because of such criteria.

2. Financially strong insureds exhibit the ability to:

- a. Hire and retain quality employees;
- b. Physically maintain the buildings, equipment and vehicles owned or used by the business in a safe and acceptable manner; and
- c. Operate the business in a safe manner by instituting safety procedures and programs.

Such insureds should qualify for a lower premium than insureds that are not able to exhibit any of the characteristics listed above.

3. Insureds with quality management:

- a. Are experienced in their type of business;
- b. Exhibit a willingness and ability to recognize exposures to loss; or
- c. Maintain loss prevention practices

Such insureds should qualify for a lower price than insureds that have inexperienced management or management that cannot afford to invest in loss prevention practices and thus are expected to have more frequent or severe losses.

- B. Risk quality modifiers will reflect the relative experience or inexperience and the financial strength or weakness of the insured.

RULE 4.

RISK PLACEMENT PROCEDURES

- A. Table **4.C.** contains underwriting criteria for Commercial General Liability, Property, Inland Marine, Crime and Automobile coverages. These criteria are provided to assist in selecting the appropriate pricing tier for each account. Every policy must be evaluated for each characteristic, subject to Rule **4.D.**

B. Eligibility Requirement

- 1. **Superior:** At least three of the characteristics are rated Superior, with no criteria below Standard
- 2. **Preferred:** At least three of the characteristics are rated Preferred, with no criteria below Standard.
- 3. **Standard:** At least four of the characteristics are rated Standard.
- 4. **Nonstandard:** Two or more characteristics are rated Substandard.

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C. Underwriting Criteria – Table 4.C.

| CRITERIA | SUPERIOR | PREFERRED | STANDARD | SUBSTANDARD |
|---|--|--|--|---|
| Length of Time in Business/ Management | At least 10 years in business or the “equivalent experience”. | At least 6 years but less than 10 years in business or the “equivalent experience”. | At least 3 years but less than 6 years in business or the “equivalent experience”. | Less than 3 years in business or the “equivalent experience”. |
| Financial Strength | Commercial credit appraisal (where applicable and available) equals high or good and the company’s financial composite is above industry average; or | Commercial credit appraisal (where applicable and available) equals high or good and the company’s financial composite is equal to or above industry average; or | Commercial credit appraisal (where applicable and available) equals fair or above and the company’s financial composite is equal to or above industry average; or | Commercial credit appraisal (where applicable and available) equals below average or above and the company’s financial composite is below industry average; or |
| | Review by company financial staff: 1) Determines a profitable, stable financial position with increasing revenues; or 2) assigns this rating | Review by company financial staff: 1) Determines a stable financial position with increasing revenues; or 2) assigns this rating | Review by company financial staff: 1) Determines a stable financial position; or 2) assigns this rating | Review by company financial staff: 1) Determines an unprofitable or unstable financial position; or 2) assigns this rating |
| Hazards and Controls | Based on classification review in A.M. Best’s Underwriting Guide and or FC&S (National Underwriter Company) Bulletins, insureds whose actual operations have a Best hazard Index Rating of 1-3 contemplated by the class will fall into this category. | Based on classification review in A.M. Best’s Underwriting Guide and or FC&S (National Underwriter Company) Bulletins, insureds whose actual operations have a Best hazard Index Rating of 4-6 contemplated by the class will fall into this category. | Based on classification review in A.M. Best’s Underwriting Guide and or FC&S (National Underwriter Company) Bulletins, insureds whose actual operations have a Best hazard Index Rating of 7-9 contemplated by the class will fall into this category. | Based on classification review in A.M. Best’s Underwriting Guide and or FC&S (National Underwriter Company) Bulletins, insureds whose actual operations have a Best hazard Index Rating of 10 contemplated by the class will fall into this category. |

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Table 4.C. (Continued)

| CRITERIA | SUPERIOR | PREFERRED | STANDARD | SUBSTANDARD |
|----------------|---|---|--|--|
| Safety Culture | A formal safety program is in place. As evidenced by safety program and/or interviews with management/safety specialist, the insured anticipates hazards, is proactive in regards to safety and health and builds controls into operation that are above average relative to similar classes of business; or | As evidenced by safety program and/or interviews with management/safety specialist, the insured is aware of hazards and promotes policies, procedures and activities to minimized losses that are above average relative to similar classes of business; or | Management is aware of major exposures to loss and basic regulatory requirements and has developed activities to control these hazards that are average for similar classes of business; Inspections yield an evaluation of Average or Standard. | Management is unaware or unwilling to address significant hazards or exposures to loss; management safety programs are below average for similar classes of business; Inspections yield an evaluation of Below Average or Substandard. |
| | Inspections yield an evaluation of Superior. | Inspections yield an evaluation of Preferred. | | |
| Risk Transfer | Insured has a formal risk transfer program that includes use of the following: written contracts; broad, type I, indemnification/hold harmless agreements (or broadest type allowed by state); Certificates of Insurance that evidence our insured as a primary Additional Insured with subcontractors, suppliers, lessees or lessors where applicable. | Insured has a risk transfer program that includes use of the following: indemnification/hold harmless agreements; Certificates of Insurance that evidence our insured as an Additional Insured with subcontractors, suppliers, lessees or lessors. | Insured obtains Certificates of Insurance. May or may not have an established policy for risk transfer arrangements. | Insured has no established policy with respect to obtaining Certificates of Insurance or entered into favorable risk transfer arrangements where possible with its subcontractors, suppliers, lessees or lessors. |

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Eligibility

The four-tiered rating approach applies to all risks eligible for Commercial General Liability, and Commercial Property, Crime & Fidelity, and Commercial Inland Marine. To qualify for tier rating plans, the account must meet the following criteria:

Tier 1 – Nonstandard Rating Plan

Risks must require at least three of the five characteristics.

1. Experience: Less than three years in business.
2. Loss ratio: Greater than 55% for the period in business.
3. Financial Stability: No financial information is available due to years in business, or below average financial condition of risk for type and size of operations.
4. Loss Prevention: Insured exercises below average loss prevention.
5. Frequency: Previous loss experience reflects some frequency of loss. Tier 2 – Standard Rating Plan Any risk that does not qualify for Tier 1, Tier 3, or Tier 4.

Tier 2 – Standard Rating Plan Any risk that does not qualify for Tier 1, Tier 3, or Tier 4.

Tier 3 – Preferred Rating Plan

Risks must require at least three of the five characteristics. No substandard characteristic will be eligible.

1. Experience: Greater than three years in business.
2. Loss Ratio: Three-year loss ratio of 40% or less.
3. Financial Stability: Above average condition for risk for type and size of operation.
4. Loss Prevention: Insured exercises loss prevention and cooperates with loss control. Inherent hazards are well controlled.
5. Frequency: Previous loss experience reflects low frequency of loss.

Tier 4 – Superior Rating Plan

Risks must require at least three of the five characteristics. No substandard characteristic will be eligible.

1. Experience: Greater than four years in business.
2. Loss Ratio: Five-year loss ratio of 40% or less.
3. Financial Stability: Above average condition for risk for type and size of operations.
4. Loss Prevention: Insured exercises loss prevention and cooperates with loss control. Inherent hazards are well controlled. Type of business is low hazard.
5. Frequency: Previous loss experience reflects low frequency of loss.

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Risks will be categorized to the highest tier for which it qualifies.

MAXIMUM INDIVIDUAL RISK MODIFICATION PLAN

| State | Maximum Modification | State | Maximum Modification | State | Maximum Modification |
|-------------|----------------------|----------------|----------------------|----------------|----------------------|
| Alabama | 25% | Louisiana | 25% | Ohio | 25% |
| Alaska | 40% | Maine | 40% | Oklahoma | 50% |
| Arizona | 25% | Maryland | 40% | Oregon | 25% |
| Arkansas | 40% | Massachusetts | 25% | Pennsylvania | 50% |
| California | 25% | Michigan | 25% | Rhode Island | 40% |
| Colorado | 25% | Minnesota | 40% | South Carolina | 40% credit/25%debit |
| Connecticut | 25% | Mississippi | 40% | South Dakota | 25% |
| Delaware | 25% | Missouri | 25% | Tennessee | 50% |
| Florida | 25% | Montana | 40% | Texas | 40% |
| Georgia | 25% | Nebraska | N/A | Utah | 25% |
| Hawaii | N/A | Nevada | 25% | Vermont | 50% |
| Idaho | 25% | New Hampshire | 40% | Virginia | 50% |
| Illinois | 50% | New Jersey | 25% | Washington | 25% |
| Indiana | 50% | New Mexico | 25% | West Virginia | 40% |
| Iowa | 25% | New York | 15% | Wisconsin | 50% |
| Kansas | 40% | North Carolina | 50% | Wyoming | 50% |
| Kentucky | 50% | North Dakota | 25% | | |

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COMMERCIAL INLAND MARINE**

ADDITIONAL RULE FOR:

Veracity Photographers & Videographers Program Rating

The following rules only apply to policies written for photographers and videographers written as part of this program.

General Rules

1. This program will be written as a master policy for participating members of the Outdoor & Recreational Insurance Program – RPG.
2. Policies will be issued on a 2 year basis.

Eligibility

1. Annual revenues may not exceed \$200,000
2. Inland Marine Coverage is only available in addition to an annual general liability policy and may not be written on a standalone basis or in addition to general liability written on an event basis.

Premium Computation

A. General Liability Premium

- a. Event policies are flat rated per event.
- b. Annual policies are flat rated based on annual revenues.

| | Event Coverage | Annual Coverage |
|--------------------------|-----------------------|--|
| Premium | \$15.00 | \$75.00 (\$1 - \$100K) \$135.00 (\$101K - \$200K) |
| Term | 1-3 Days | Annual |
| Occurrence Limit | \$1,000,000 | \$1,000,000 |
| Aggregate Limit | \$2,000,000 | \$2,000,000 |
| Premium Calculation | Per Event | Annual Receipts |
| Photographers E&O | Excluded | Excluded |
| Primary/Non-Contributory | \$10.00 | \$10.00 |
| Waiver of Subrogation | \$10.00 | \$10.00 |
| Additional Insured | Included | Included |

B. Inland Marine

- Base Rate x Aggregate Limit Multiplier x Deductible Factor = Annual Premium

Base Rates Inland Marine

| Any One Item Limit | Flat Rate |
|---------------------------|------------------|
| \$1,000 | \$10.00 |
| \$2,000 | \$15.00 |
| \$5,000 | \$25.00 |
| \$10,000 | \$50.00 |
| \$15,000 | \$75.00 |

Aggregate Limit Multiplier

| Aggregate Limit Multiplier | Factor |
|-----------------------------------|---------------|
| 5X | 4.52 |
| 6X | 5.29 |
| 10X | 8.02 |

Deductible Factor

| Deductible | Factor |
|-------------------|---------------|
| \$250 | 1.00 |
| \$500 | .93 |
| \$1,000 | .86 |
| \$2,500 | .80 |

| | | | |
|-----------------------------|---|------------------------|-----------------------------------|
| State: | District of Columbia | Filing Company: | Lyndon Southern Insurance Company |
| TOI/Sub-TOI: | 09.0 Inland Marine/09.0000 Inland Marine Sub-TOI Combinations | | |
| Product Name: | Commercial Inland Marine | | |
| Project Name/Number: | /CM 00 01 05 18 | | |

Supporting Document Schedules

| | |
|-------------------------|--------------------------|
| Bypassed - Item: | Consulting Authorization |
| Bypass Reason: | n/a |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |

| | |
|--------------------------|----------------------------------|
| Satisfied - Item: | Actuarial Certification (P&C) |
| Comments: | |
| Attachment(s): | CW IM RR (04 18)_KSS (clean).pdf |
| Item Status: | |
| Status Date: | |

| | |
|--------------------------|---|
| Satisfied - Item: | District of Columbia and Countrywide Experience for the Last 5 Years (P&C) |
| Comments: | Initial Adoption - No Commercial Inland written premium or losses |
| Attachment(s): | Commercial IM by Co Profit Provision FINAL.pdf dceiw - Expense Information Worksheet 10-2017.pdf |
| Item Status: | |
| Status Date: | |

| | |
|-------------------------|---|
| Bypassed - Item: | District of Columbia and Countrywide Loss Ratio Analysis (P&C) |
| Bypass Reason: | Initial Adoption - No Commercial Inland written premium or losses |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |

| | |
|--------------------------|---|
| Satisfied - Item: | Filing Form Adoption |
| Comments: | |
| Attachment(s): | dcrfaf - Reference Filing Adoption Form (2).pdf |
| Item Status: | |
| Status Date: | |

**Division Eight
COMMERCIAL INLAND MARINE**

1. APPLICATION OF THIS DIVISION

A. Contents

Division Eight contains the rules, ISO advisory prospective loss costs and/or individual company rates, rating procedures and state exceptions for the Commercial Inland Marine Coverage Part.

B. Sections:

This division is divided into separate sections for:

1. General Rules
2. Accounts Receivable
3. Camera and Musical Instrument Dealers
4. Commercial Articles
5. Equipment Dealers
6. Film
7. Floor Plan
8. Jewelers Block
9. Mail
10. Physicians and Surgeons
11. Signs
12. Theatrical Property
13. Valuable Papers
14. Multistate Rating Relativities and Factors
15. Multistate Loss Costs

2. COMPANY RATES/ISO LOSS COSTS

A. Loss Costs

Loss costs contained in this division are annual loss costs for each \$100 of insurance unless otherwise indicated. This division contains either ISO prospective loss costs or individual company rates. A loss cost is that portion of the premium which covers only losses and the costs associated with settling losses.

B. Company Rates

All rules in this division are designed to be utilized with rates. All references in the rules to rates and/or premiums (including base premiums) shall be interpreted to mean those established by the individual insurance company.

C. Loss Cost Conversion

Each insurance company must provide manualholders with either its own rates or with procedures to convert ISO prospective loss costs to rates and/or premiums. If an insurer provides its own rates, use them in place of the ISO prospective loss costs in this manual. If an insurer does not provide its own rates, manualholders must convert the ISO prospective loss costs in this manual to rates and/or premiums before applying any of the rules. Refer to the company for specific instructions - including rounding procedures - on how to do this.

D. Basic Group I And Basic Group II Rates

Commercial Property Basic Group I and Basic Group II Personal Property rates are used in the rating calculations for several classes in Division Eight. These rates are modified as appropriate by various factors found in Division Five - Fire And Allied Lines. For example, the Basic Group I rates are adjusted, as necessary, for protection class and territorial multipliers. In all cases, the Basic Group I and Basic Group II rates must be modified by limit of insurance relativity adjustment factors. For this modification, multiply the Basic Group I and Basic Group II rates by the appropriate factors in Table 2.D.(RF); do not use the relativity factors for limit of insurance that appear in Division Five.

3. REFERRALS TO COMPANY

A. Refer to the company for:

1. Rating or classifying any risk or exposure for which there is no manual rate or applicable classification.
2. Any applicable rating plan modification.

B. Whenever a risk is rated on a refer to company basis, each company is responsible for complying with any applicable regulatory or statutory rate filing requirements.

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4. EFFECTIVE DATE

The date shown on the bottom of the manual page is a printing date and not necessarily the effective date. Effective dates are announced on the Notices to Manualholders.

5. POLICY TERM

- A. Policies may be written for a specific term up to three years or on a continuous basis.
- B. A policy may be renewed by renewal certificates. When renewal certificates are used, they must conform in every respect to current rules, company rates and forms at the time of renewal.

6. PREMIUM COMPUTATION

A. Prepaid Policies

1. One Year

Compute the premium using the annual rates in effect at policy inception.

2. More Than One Year

Compute the premium using the annual rates in effect at policy inception multiplied by the policy term expressed in years (term factor). Refer to Table **6.A.2.(RF)**.

3. Less Than One Year

Compute the premium for a policy written with a policy term of less than one year by multiplying the pro rata annual premium by the appropriate factor. Refer to Table **6.A.3.(RF)**. However, this factor is not applied if the insurance is written to:

- a. Establish a common expiration date with other coverages or lines of insurance; or
- b. Expire with the original full term insurance.

Charge the above premium for each separate period of exposure.

B. Annual Premium Payment Plan Policies

- 1. For policies with less than \$500 annual premium, compute the annual premium payment plan rates by multiplying the annual rates by the appropriate factor. Refer to Table **6.B.1.(RF)**. Such rates shall be used to obtain the premium due at inception and on each anniversary.
- 2. For other policies, compute the premium at inception using the rates in effect at that time. At each anniversary, compute the premium using the rates in effect at each anniversary. Attach Calculation Of Premium Endorsement [IL 00 03](#).
- 3. Prorate the premium in Paragraph 1. or 2. when the policy is issued for other than a whole number of years.

C. Continuous Policies

Compute the premium at inception using the rates in effect at that time. At each anniversary, compute the premium using the rates in effect at each anniversary.

7. FACTORS OR MULTIPLIERS

Factors or multipliers are to be applied consecutively and not added together unless otherwise specified.

8. ROUNDING PROCEDURE

A. Rates

Round rates, factors and multipliers after the final calculation to three decimal places. Five-tenths or more of a mill shall be considered one mill; for example, .1245 = .125.

B. Premium

Round the premium for each coverage for which a separate premium is calculated, to the nearest whole dollar. Round a premium involving \$.50 or over to the next higher whole dollar.

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9. POLICYWRITING MINIMUM PREMIUM

Refer to Table **9.(LC)** in the multistate loss costs for the policywriting minimum premium.

- A.** For prepaid policies, apply the policywriting minimum premium regardless of term.
- B.** For annual premium payment plan policies or continuous policies, apply the policywriting minimum premium for each annual period.

10. ADDITIONAL PREMIUM CHANGES

A. Calculation Of Premium

- 1. Prorate all changes requiring additional premium.
- 2. In computing the additional premium for:
 - a.** Any changes made to a location included at policy inception, use the rates and rules in effect on the effective date of the policy. If the changes are made after an anniversary date of the policy, use the rates and rules in effect on that anniversary date.
 - b.** Locations which are added after policy inception (including all coverages, options and causes of loss at that location), use the rates and rules in effect as of the date of the change.
 - c.** Any changes made to a location which was added after policy inception, use the rates and rules in effect as of the date the location was added.

The additional premium developed is in addition to any applicable policywriting minimum premium.

B. Waiver Of Premium

Waive additional company premium as shown in Table **10.B.(LC)** in the multistate loss costs. This waiver applies only to that portion of the premium due on the effective date of the policy change.

11. RETURN PREMIUM CHANGES

A. Premium Computation

- 1. Compute return premium at the rates used to calculate the policy premium.
- 2. Compute return premium pro rata and round to the next higher whole dollar when any coverage or exposure is deleted or an amount of insurance is reduced. Retain the policywriting minimum premium.

B. Waiver Of Premium

Waive return company premium as shown in Table **11.B.(LC)** in the multistate loss costs. Grant any return premium due if requested by the insured. This waiver applies only to that portion of the premium due on the effective date of the policy change.

12. POLICY CANCELLATIONS

A. Pro Rata Calculation

Compute return premium pro rata and round to the next higher whole dollar when a policy is cancelled:

- 1. At the company's request.
- 2. Because the insured no longer has a financial or insurable interest in the property or business operation that is the subject of insurance.
- 3. And rewritten in the same company or company group.
- 4. After the first year for a prepaid policy written for a term of more than one year.

B. Other Calculations

If Paragraph **A.** does not apply, compute return premium as follows:

1. Continuous And Annual Premium Payment Policies

Compute return premium by multiplying the pro rata unearned premium for the one year or annual installment period by the factor shown in Table **12.B.1.(RF)** and rounding to the next higher whole dollar.

2. Prepaid Policies

If cancelled during the first year, compute the return premium by multiplying the pro rata unearned premium for the first year by the factor shown in Table **12.B.1.(RF)**, then adding the full annual premium for the subsequent years and rounding to the next higher whole dollar.

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3. Policies With Term Less Than One Year

Compute return premium by multiplying the pro rata unearned premium by the factor shown in Table **12.B.1.(RF)** and rounding to the next higher whole dollar.

C. Retention Of Policywriting Minimum Premium

Retain the policywriting minimum premium when return premium is calculated under Paragraph **B.** except when a policy is cancelled as of the inception date. The policywriting minimum premium is equal to the minimum retained premium.

13. PROTECTIVE DEVICES OR SERVICES

Protective devices or services may be required. The policy must be endorsed to require that the company be notified if the devices or services are discontinued or out of service.

14. RESTRICTIONS OF COVERAGE OR INCREASED RATE

Policies may be issued with special restrictions or at increased premium if:

- A.** The insured agrees in writing; and
- B.** The policy would not be written otherwise.

15. BASIC FORMS APPLICABLE

Attach Common Policy Conditions Form [IL 00 17](#) and Commercial Inland Marine Conditions Form [CM 00 01](#) to all policies, and refer to class rules for basic forms applicable for each class.

16. FORMS PORTFOLIO REFERENCE

Refer to the forms portfolio for information on:

- A.** Policy Changes Endorsement [IL 12 01](#) ;
- B.** Sample Forms; and
- C.** Applicability and edition dates of forms in each state.

17. RESIDENT AGENT COUNTERSIGNATURE

If a resident agent's countersignature is required by state law, use Resident Agent Countersignature Endorsement [IL 09 17](#), unless state law prohibits use of such an endorsement, or so restricts such use as to make it inappropriate.

18. MASTER POLICIES

A master policy under which insurance is afforded to unrelated entities by certificate or otherwise must not be issued for the classes of this division. Master policies are allowed for risk purchasing groups, risk retention groups or similar groups of related entities.

19. SPECIAL RATES OR CONDITIONS AT REQUEST OF COMPANY

- A.** When requesting publication of a special rate or condition submit to the company the following:
 - 1.** The loss record;
 - 2.** The extent of liability and its distribution; and
 - 3.** Any other extenuating or unusual circumstances about the risk in support of special rate or condition.Any special rate or condition shall apply only for the term of the policy for which application is made.
- B.** If the factor upon which the special rate or condition is based on changes so the special rate or condition is no longer justified, the premium shall be recalculated at the regular rate and the coverage amended to the regular conditions, all as of the date of the change.

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20. VALUATION CONDITION

A Valuation Condition may be amended to provide for any other basis of valuation as agreed upon between the company and the insured.

21. TENTATIVE RATES

The rating of certain risks in this division involves the use of Basic Group I rates. When risks not eligible for class rating are not yet specifically rated they may be written at a tentative rate until the specific rate is available. Use Tentative Rate Endorsement [CM 99 04](#). When the specific rate is available, endorse the policy to the specific rate. The new rate will be effective as of the inception date of the applicable coverage.

22. CONVERSION OF FIRE PREMIUMS TO RATES

If the fire rating system applicable does not use rates @\$100 as base, determine the fire contents premium for an amount of \$5,000. Convert it to a rate @\$100 by multiplying by the factor in Table 22.(RF) and use this rate wherever the 80% Coinsurance Basic Group I Personal Property rate is called for.

23. DEDUCTIBLES

A. Base Deductibles

All rates in this manual contemplate a base deductible of \$500 for the following Commercial Inland Marine classes:

- Camera and Musical Instrument Dealers
- Commercial Articles
- Equipment Dealers
- Film
- Floor Plan
- Physicians and Surgeons Equipment
- Theatrical Property
- Valuable Papers

B. Jewelers Block Deductible

A mandatory \$500 deductible applies to the Jewelers Block class. Credits for higher optional deductibles are included in the Jewelers Block Section of this division.

C. Optional Deductibles

For optional deductibles for the classes listed in Paragraph A., adjust the net rate or the net premium. Refer to Table 23.C.(RF). The Deductible Rate Factors displayed in this table are the complements of credits. For example, a Deductible Rate Factor of .94 is equivalent to a 6% credit ($1.00 - .94 = .06$).

24. EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

Attach Exclusion Of Certain Computer-Related Losses Endorsement [IL 09 35](#) to all policies. This endorsement excludes certain risks associated with computer or other electronic equipment failure, malfunction, inadequacy or inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times.

25. COINSURANCE MODIFICATION

For the following rules that reference the 80% coinsurance Basic Group I Personal Property rate or the 80% coinsurance Basic Group II rate of the company, such rates should be modified by the appropriate factor if other than 80% coinsurance applies to the coverage. Refer to Table 25.(RF).

- Accounts Receivable Rule 35.B.
- Camera and Musical Instrument Dealers Rules 51.B. and 52.B.2.a.(1)(a)
- Equipment Dealers Rules 77.B. and 78.B.2.a.(1)(a)
- Film Rule 91.B.
- Physicians and Surgeons Rule 145.A.1.a.

This rule applies only to policies written on a Nonreporting basis.

26-29. RESERVED FOR FUTURE USE

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SECTION II-ACCOUNTS RECEIVABLE

30. DESCRIPTION OF COVERAGE

Accounts Receivable Coverage Form [CM 00 66](#) is an "All Risk" form. It covers the cost of reestablishing records of Accounts Receivable as well as actual loss due to the inability to collect sums due resulting from insured loss of or damage to these records.

31. BASIC FORMS APPLICABLE

- A. For Nonreporting, use Accounts Receivable Coverage Form [CM 00 66](#) .
- B. For Reporting, use Form [CM 00 66](#) and Reporting Endorsement [CM 66 06](#) .

32. ELIGIBILITY

The rules in this section apply to any insureds that extend their credit to customers.

33. RATE SUBMISSIONS

A. Application Submissions

- 1. For Nonreporting, submit signed application to the company for rating for each policy term.
- 2. For Reporting, submit signed application to the company for rating and at each anniversary. The premium will reflect the rates then in effect.

B. Risks With Materially Changed Conditions

New applications may be submitted at any time for risks with materially changed conditions that result in inequitable rates.

33. RATE SUBMISSIONS

A. Application Submissions

- 1. For Nonreporting, submit signed application to the company for rating for each policy term.
- 2. For Reporting, submit signed application to the company for rating and at each anniversary. The premium will reflect the rates then in effect.

B. Risks With Materially Changed Conditions

New applications may be submitted at any time for risks with materially changed conditions that result in inequitable rates.

34. COVERAGE OPTION

Accounts Receivable of designated customers may be excluded. Use Exclusion Of Named Customers Endorsement [CM 66 01](#) .

35. DEFINITION

A. Premium Base means:

- 1. Nonreporting - Limits of Insurance.
- 2. Reporting - Average amount of Accounts Receivable during the past 12 months.

B. Base Rate means the modified 80% coinsurance Basic Group I Personal Property rate of the company (see Rule 2.D.) multiplied by the appropriate factor. Refer to Table 35.B.(RF).

36. PREMIUM DETERMINATION

A. Modified Base Rate

Multiply the Base Rate by the following appropriate factors (apply in sequence to each preceding result):

1. Receiptables

The factors in Table **36.A.1.(RF)** apply to vaults, safes, cabinets or similar containers. For each premises, use the factor for the weakest container in which Accounts Receivable records are kept. However, if

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separate limits are shown in the Declarations for different described containers, use the appropriate factor for each container.

2. Duplicate Records

If duplicate records of Accounts Receivable are maintained in a separate fire division, apply the appropriate factor in Table **36.A.2.(RF)**.

Use Duplicate Records Endorsement [CM 66 04](#).

3. Classification Of Risk

Apply the factor in Table **36.A.3.(RF)** for wholesalers, manufacturers or insurance agents if at least 51% of the covered Accounts Receivable are so classified.

4. Minimum Modified Base Rate

The minimum annual modified base company rate for each premises is shown in Table **36.A.4.(LC)** in the multistate loss costs.

B. Away From Premises

Apply a loading as provided in Paragraph **D.2**.

C. Branch Premises

1. For both Nonreporting and Reporting forms, branch premises should be described, including whether or not they customarily forward records of Accounts Receivable to any other described premises. Branch premises that do customarily forward such records may be covered without additional premium for a limit equal to the highest limit shown for any described premises but not exceeding \$25,000.
2. Refer to Paragraph **D.1**. for rating branch premises that do not customarily forward records of Accounts Receivable to any other described premises. Branch premises that do forward such records, but which require higher limits than provided in Paragraph **1.**, should also be rated in accordance with Paragraph **D.1**.

D. Rating Base Development

1. Described Premises

For each location other than those of Paragraph **C.1.**, multiply the Premium Base by the Modified Base Rate.

2. Away From Premises

Multiply the applicable limit of insurance by the loading in Table **36.D.2.(RF)**.

E. Premium Calculation

Add the results in Paragraphs **D.1.** and **D.2.** to determine the rating base and multiply by the company rate in Table **36.E.(LC)** in the multistate loss costs.

F. Reporting

For Reporting, divide the result by the total of the average amount of Accounts Receivable for the previous 12 months for all premises to determine the annual rate. If monthly payment, multiply the annual rate by the factor in Table **36.F.(RF)**.

G. Example

The rates, including minimum rates, used in the following example are for illustrative purposes only. You should determine from your individual companies what rates are actually in effect.

Nonreporting

Main Premises

Premium Base (Limit of Insurance): \$100,000
Basic Group I Personal Property rate: .800
The modified Basic Group I Personal Property
rate: $.800 \times .732 = .586$
Base Rate (The modified Basic Group
I Personal Property rate $\times .35$):
 $.586 \times .35 = .205$
Receptacle: U.L. Class B Fire Label
(Factor = .70)
Duplicate Records: 60% maintained in
separate fire division

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(Factor = .75)
Classification of Risk: 90% classified as
wholesaler
(Factor = .80)
Minimum Modified Base Rate: .03

Away From Premises

Limit of Insurance: \$15,000
Loading: .25

Branch Premises (Records of Accounts Receivable **not** forwarded to another described premises)

Limit of Insurance: \$50,000
Basic Group I Personal Property rate: .750
The modified Basic Group I Personal Property
rate: $.750 \times .732 = .549$
Base Rate (The modified Basic Group I
Personal Property rate $\times .35$):
 $.549 \times .35 = .192$
Receptacle: U.L. Class C Fire Label
(Factor = .80)
Duplicate Records: 25% maintained in
separate fire division
(Factor = 1.00)
Classification of Risk: 90% classified as
Wholesaler
(Factor = .80)
Minimum Modified Base Rate: .03

Rating Base Development

Main Premises

$(100,000/100) \times \text{Modified Base Rate} =$
 $1,000 \times (.205 \times .70 \times .75 \times .80) = 1,000$
 $\times .086 = 86$

Branch Premises

$(50,000/100) \times \text{Modified Base Rate} = 500$
 $\times (.192 \times .80 \times 1.00 \times .80) = 500 \times$
 $.123 = 62$

Away From Premises: $(15,000/100) \times .25 = 38$

Premium Calculation

Assuming the rate from the multistate loss costs is \$.65, the premium is calculated as follows:

Rating Base $(86 + 62 + 38) = 186$
Premium $= 186 \times \$.65 = \121

37. DEDUCTIBLES

Deductibles are not applicable to Accounts Receivable Coverage.

38. MINIMUM PREMIUM

For Reporting, refer to Table **38.(LC)** in the multistate loss costs.

39-44. RESERVED FOR FUTURE USE

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SECTION III-CAMERA AND MUSICAL INSTRUMENT DEALERS

45. DESCRIPTION OF COVERAGE

Camera And Musical Instrument Dealers Coverage Form [CM 00 21](#) is an "All Risk" Form. It covers stocks of merchandise for Camera and Musical Instrument Dealers. It may be written on a Nonreporting or Reporting basis. The form covers property while at premises of the insured, in transit, away in custody of employees, and elsewhere. Coverage is also provided for the property of others in the insured's custody.

46. BASIC FORMS APPLICABLE

- A. For Nonreporting, use Camera And Musical Instrument Dealers Coverage Form [CM 00 21](#) .
- B. For Reporting, use Form [CM 00 21](#) and Reporting Endorsement [CM 99 02](#) .

47. ELIGIBILITY

A. What Is Eligible

The rules in this section apply to dealers in property consisting principally of:

- 1. Cameras and related equipment and accessories.
- 2. Musical Instruments and related equipment and accessories. Radios, television, record and tape recorders and players are not deemed musical instruments and may only be covered as "other stock".

B. Department Or Discount Store

The rules in this section do not apply to stock that is not usual to the insured camera or musical instrument department.

The PROPERTY NOT COVERED Section of the form must be amended to exclude such property.

C. Manufacturing Operations

The rules in this section do not apply to dealers engaged primarily in manufacturing operations.

48. RATE SUBMISSIONS

A. Application Submissions

- 1. For Nonreporting, submit signed application to the company for rating for each policy term.
- 2. For Reporting, submit signed applications to the company for rating and at each anniversary. The premium will reflect the rates then in effect.

B. Risks With Materially Changed Conditions

New applications may be submitted at any time for risks with materially changed conditions that result in inequitable rates.

49. COVERAGE OPTIONS

A. Covered Property

1. Optional Additional Property

Camera And Musical Instrument Dealers Coverage Form [CM 00 21](#) may be extended to cover the following on a Nonreporting basis for an additional premium per location. See Rule **52.B.2.**

a. Additionally Covered Property

Use Additionally Covered Property Endorsement [CM 99 01](#) to cover:

- Furniture, Fixtures and Office Supplies;
- Improvements and Betterments;
- Machinery, Tools and Fittings;
- Patterns, Dies, Molds and Models.

b. Signs

Use Signs Coverage Form [CM 00 28](#).

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2. Limitation Of Coverage

Coverage may be limited to cameras and related equipment and accessories or musical instruments and related equipment and accessories by substitution of the word "only" for "principally" in the COVERED PROPERTY Section of the form.

B. Earthquake And Flood

Submit requests for coverage for Earthquake or Flood to the company.

C. Increased Limits Of Insurance - Employees Custody And Elsewhere

For each of the Insured's specified locations, limits up to 10% of all limits for the location may be provided for Employees Custody and Elsewhere at no additional premium charge. If the limit is greater than 10% for either, additional premium is required. See Rule **52.A.3.**

50. RESERVED FOR FUTURE USE

51. DEFINITIONS

A. Premium Base means:

1. Nonreporting - Limits of Insurance.
2. Reporting - Highest merchandise inventory plus the average value of property of others during the past 12 months.

B. Base Rate means the modified 80% coinsurance Basic Group I Personal Property rate of the company (see Rule 2.D.).

52. PREMIUM DETERMINATION

A. Rating Base Development

For each location:

1. Base Calculation

Multiply the Premium Base by the Base Rate.

2. Annual Loading

a. Class Loadings

For each location, multiply the Premium Base by the appropriate loading in Table **52.A.2.a.(RF)**.

b. Protection Credits

Apply the following appropriate protection credits in sequence to the results determined in Paragraph **a.**:

(1) Premises Alarm Systems Credits - U.L. Certified Central Station Supervised

Refer to Table **52.A.2.b.(1)(RF)**.

(2) Supplemental Protection Credits

Refer to Table **52.A.2.b.(2)(RF)** for credits for:

- (a)** Second Central Station Premises Alarm System
- (b)** Third Central Station Premises Alarm System
- (c)** Watchperson employed exclusively by the insured and on duty at all times when premises are:
 - (i)** Closed to business
 - (ii)** Open to business
 - (iii)** Central Station Watchperson's Clock

3. Employees Custody And Elsewhere

For increased limits as provided in Rule **49.C.**, apply the appropriate loadings in Table **52.A.3.(RF)** to the amount of increase.

B. Premium Calculation

1. Premium Determination

Add the results in Paragraphs **A.1.** through **A.3.** to determine the rating base and multiply by the company rate in Table **52.B.1.(LC)** in the multistate loss costs. For Reporting, divide the result by the Premium Base to determine the annual rate. If monthly payment, multiply the annual rate by the factor in Table **52.B.1.(RF)**.

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2. Optional Additional Property Forms

- a. Determine premium for Additionally Covered Property Endorsement [CM 99 01](#) covering Furniture, Fixtures and Office Supplies; Improvements and Betterments; Machinery, Tools and Fittings; Patterns, Dies, Molds and Models as follows:
- (1) For each location, multiply the sum of the following by the limit of insurance for that property:
 - (a) The modified 80% coinsurance Basic Group I Personal Property rate (see Rule 2.D.).
 - (b) Annual loading in Table 52.B.2.a.(1)(b)(RF).
 - (2) Multiply the rating base developed in Paragraph (1) by the company rate in Table 52.B.1.(LC) in the multistate loss costs.
- b. For Signs, see the Signs Section of this division.

3. Example

The rates used in the following example are for illustrative purposes only. You should determine from your individual companies what rates are actually in effect.

Location 1

Premium Base (Limit of Insurance): \$80,000
Basic Group I Personal Property rate: .700
Base Rate (The modified Basic Group I Personal Property rate): $.700 \times .732 = .512$
Annual Loading (Camera Dealers): 1.65
Premises Alarms - Central Station
Certificate Grading: A
Extent of Protection: Certified Intermediate (2)
(Credit = 35% or Factor = $1 - .35 = .65$)
Supplemental Protection: Second Central Station Premises Alarm System
(Credit = 10% or Factor = $1 - .10 = .90$)
Increased Limits - Employees Custody
Amount of Increase: \$20,000
Loading: 2.00
Optional Additional Property
Limit of Insurance (Machinery and Tools): \$10,000
Limit of Insurance (Improvements and Betterments): \$5,000
The modified Basic Group I Personal Property rate + Loading = $.512 + .20 = .712$

Location 2

Premium Base (Limit of Insurance): \$20,000
Basic Group I Personal Property rate: .800
Base Rate (The modified Basic Group I Personal Property rate): $.800 \times .732 = .586$
Annual Loading (Camera Dealers): 1.65
Premises Alarms - Police Connected (Reduce extent of protection credit by 50% or Factor = $1 - .50 = .50$)
Certificate Grading: BB
Extent of Protection: Certified High (1) (Credit = $40\% \times .50 = 20\%$ or Factor = $1 - .20 = .80$)
Supplemental Protection: Watchperson - Open to Business (Credit = 10% or Factor = $1 - .10 = .90$)

Premium Calculation

Location 1

| | | | | |
|--------------|---|------|---|-------|
| (80,000/100) | x | .512 | = | 410 |
| (80,000/100) | x | 1.65 | = | 1,320 |
| 1,320 x .65 | x | .90 | = | 772 |
| (20,000/100) | x | 2.00 | = | 400 |

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$$(15,000/100) \times .712 = 107$$

Assuming the rate from the multistate loss costs is \$1.10, the premium for Location 1 is calculated as follows:

$$\text{Rating Base } (410 + 772 + 400 + 107) = 1,689$$

$$\text{Premium} = 1,689 \times \$1.10 = \$1,858$$

Location 2

$$(20,000/100) \times .586 = 117$$

$$(20,000/100) \times 1.65 = 330$$

$$330 \times .80 \times .90 = 238$$

Assuming the rate from the multistate loss costs is \$1.10, the premium for Location 2 is calculated as follows:

$$\text{Rating Base} = 117 + 238 = 355$$

$$\text{Premium} = 355 \times \$1.10 = \$391$$

$$\text{Total Premium} = \$1,858 + \$391 = \$2,249$$

53. MINIMUM PREMIUM

Refer to Table **53.(LC)** in the multistate loss costs.

54-59. RESERVED FOR FUTURE USE

60. DESCRIPTION OF COVERAGE

Commercial Articles Coverage Form [CM 00 20](#) is an "All Risk" form covering:

- A. Cameras, projection machines and related equipment and accessories.
- B. Musical Instruments and related equipment and accessories.

61. BASIC FORM APPLICABLE

Use Commercial Articles Coverage Form [CM 00 20](#). All covered property must be scheduled with a limit of insurance shown for each scheduled item.

62. ELIGIBILITY

A. What Is Eligible

The rules in this section apply to:

- 1. Cameras, projection machines and photographic equipment, used for commercial purposes.
- 2. Musical Instruments and equipment, including stationary organs to be used for remuneration or before the public.

B. Ineligible Risks

The rules in this section do not apply to the following types of Cameras:

- 1. Television cameras and equipment.
- 2. Coin or token-operated devices.
- 3. Cameras or other camera property insured in the name of dealers or their manufacturers.
- 4. Aerial cameras or radar cameras.

63. COVERAGE OPTIONS

A. Large Schedules

Large schedules may be kept on file at a designated place. Use List Of Property On File Endorsement [CM 20 02](#).

B. Blanket Items

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All or any part of the property covered by Commercial Articles Coverage Form [CM 00 20](#) may be insured on a blanket basis at the discretion of the company. When blanket coverage applies, the form will contain a coinsurance condition and the Additionally Acquired Property condition will be deleted.

64. PREMIUM DETERMINATION

A. Premium Development

1. Cameras

Commercial (Ex. Motion Picture Producers): Refer to Table **64.A.1.#1(LC)** in the multistate loss costs.

Motion Picture Producers: Refer to Table **64.A.1.#2(LC)** in the multistate loss costs.

2. Musical Instruments

a. Individuals - Professional

Refer to Table **64.A.2.a.(LC)** in the multistate loss costs.

b. Other Than Individuals

Dance Bands, Orchestras: Refer to Table **64.A.2.b.(LC)** in the multistate loss costs.

All Other Bands, Orchestras, Chamber Music Ensembles and Similar Groups and Boards of Education or Municipalities: Refer to Table **64.A.2.b.(LC)** in the multistate loss costs.

These rates also apply to individuals when their instruments are included with coverage for the group provided the individual is a bona fide member of that group.

3. Organs Not Of A Mobile Nature

a. Basic Charge

Multiply the limit of insurance by the following: the factor in Table **64.A.3.a.(RF)** times the sum of the modified 80% coinsurance Basic Group I Personal Property rate and the modified 80% coinsurance Basic Group II Personal Property rate of the company (see Rule **2.D.**).

b. Annual Loading

Multiply the limit of insurance by the appropriate loadings. Refer to Table **64.A.3.b.(RF)**.

B. Premium Calculation

1. Cameras And Musical Instruments Other Than Organs Not Of A Mobile Nature

Multiply the limit of insurance by the corresponding company rate in the multistate loss costs.

2. Organs Not Of A Mobile Nature

Add the results in Paragraphs **A.3.a.** and **A.3.b.** to determine the rating base and multiply by the company rate in Table **64.B.2.(LC)** in the multistate loss costs.

65-69. RESERVED FOR FUTURE USE

SECTION V-EQUIPMENT DEALERS

70. DESCRIPTION OF COVERAGE

Equipment Dealers Coverage Form [CM 00 22](#) is an "All Risk" form. It covers stock of merchandise for Equipment Dealers. It may be written on a Nonreporting or Reporting basis. The form covers property while at premises of the insured (in building and outside building), in transit, and elsewhere. Coverage is also provided for the property of others in the insured's custody.

71. BASIC FORMS APPLICABLE

A. For Nonreporting, use Equipment Dealers Coverage Form [CM 00 22](#).

B. For Reporting, use Form [CM 00 22](#) and Reporting Endorsement [CM 99 02](#).

72. ELIGIBILITY

A. What Is Eligible

The rules in this section apply to dealers in property consisting principally of mobile agricultural and construction equipment and related accessories.

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B. Department Or Discount Store

The rules in this section do not apply to stock that is not usual to the insured's equipment department.
The PROPERTY NOT COVERED Section of the form must be amended to exclude such property.

73. RATE SUBMISSIONS

A. Application Submissions

1. For Nonreporting, submit signed application to the company for rating for each policy period.
2. For Reporting, submit signed application to the company for rating and at each anniversary. The premium will reflect the rates then in effect.

B. Risks With Materially Changed Conditions

New applications may be submitted at any time for risks with materially changed conditions that result in inequitable rates.

74. COVERAGE OPTIONS

A. Optional Additional Property

Equipment Dealers Coverage Form [CM 00 22](#) may be extended to cover the following on a Nonreporting basis for an additional premium per location. See Rule **78.B.2**.

1. Additionally Covered Property

Use Additionally Covered Property Endorsement [CM 99 01](#) to cover:

- Furniture, Fixtures and Office Supplies;
- Improvements and Betterments;
- Machinery, Tools and Fittings;
- Patterns, Dies, Molds and Models.

2. Signs

Use Signs Coverage Form [CM 00 28](#).

B. Flood

Submit requests for coverage for Flood to the company.

C. New Ownership Or New Business

Use New Business - Premium Adjustment Endorsement [CM 99 03](#) for a new business or new ownership when the rate and premium are provisional.

D. Exclusion Of Property Of Any Named Person, Firm Or Corporation Other Than The Insured

Coverage of specifically identified property owned by any named person, firm or corporation other than the insured may be excluded. Refer to company.

75. NEWLY ACQUIRED LOCATIONS AND ELSEWHERE

The limit of insurance for automatic coverage at newly acquired locations, or elsewhere, shall not exceed 25% of the lesser of the following limits:

- A. The limit for all property at all locations.
- B. The total of limits of insurance at all locations listed in the declarations.

76. RESERVED FOR FUTURE USE

77. DEFINITIONS

A. Premium Base means:

1. Nonreporting - Limits of Insurance.
2. Reporting - Highest merchandise inventory plus the average value of property of others during the past 12 months.

B. Base Rate means the modified 80% coinsurance Basic Group I Personal Property rate of the company (see Rule **2.D.).**

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78. PREMIUM DETERMINATION

A. Rating Base Development

1. Specified Locations - Inside Buildings

For each location, multiply the Premium Base by the Base Rate.

2. Specified Locations - Outside Buildings

For each location, multiply the highest merchandise inventory plus the average value of property of others during the past 12 months by the loading in Table **78.A.2.(RF)**.

3. Elsewhere

For property located at unspecified locations, multiply the highest merchandise inventory plus the average value of property of others during the past 12 months by the loading in Table **78.A.3.(RF)**.

4. Annual Loading

Multiply the sum of the premium bases in Paragraphs **1.** through **3.** by the loading in Table **78.A.4.(RF)**.

B. Premium Calculation

1. Premium Determination

Add the results in Paragraphs **A.1.** through **A.4.** to determine the rating base and multiply by the company rate in Table **78.B.1.(LC)** in the multistate loss costs. For Reporting, divide the result by the sum of the premium bases used in Paragraph **A.4.** to determine the annual rate. If monthly payment, multiply the annual rate by the factor in Table **78.B.1.(RF)**.

2. Optional Additional Property Forms

- a.** Determine premium for Additionally Covered Property Endorsement **CM 99 01** covering Furniture, Fixtures and Office Supplies; Improvements and Betterments; Machinery, Tools and Fittings; Patterns, Dies, Molds and Models as follows:

(1) For each location, multiply the sum of the following by the limit of insurance for that property:

- (a)** The modified 80% coinsurance Basic Group I Personal Property rate (see Rule **2.D.**).
- (b)** Annual loading in Table **78.B.2.a.(1)(b)(RF)**.

(2) Multiply the rating base developed in Paragraph **(1)** by the company rate in Table **78.B.1.(LC)** in the multistate loss costs.

- b.** For Signs, see the Signs Section of this division.

C. Experience Modification

1. Eligibility Equipment Dealers Experience Rating Plan

The calculation of the experience modification is based on the experience of all locations at which this business has been conducted for not less than a three-year period preceding the date of rating. The experience period shall be the entire consecutive three-year period during which the business was conducted.

2. Application Of The Plan

- a.** Each eligible risk must receive an experience modification under this Plan.
- b.** The experience to be used shall be the losses (less salvage or recoveries) incurred and the actual premiums earned for Equipment Dealers policies during the experience period. "Incurred" shall mean all paid and outstanding losses.
- c.** When Equipment Dealers Insurance was effective during any part of the experience period with other insurers, the application shall be accompanied by a supplemental statement signed by the applicant containing the information necessary for the application of this Plan; that is, the names of the insurers, the term of each policy and the actual earned premiums. Losses incurred by such insurers shall be included in this statement.
- d.** The experience modification is applicable to the total premium developed for the risk.

3. Determination Of Experience Modification

- a.** Determine the actual loss ratio for the experience period by dividing the total incurred losses by the aggregate premium as defined in Paragraph **2.b.**
- b.** The Credibility Factor is based upon the total premium during the experience period. Refer to Table **78.C.3.b.(RF)**.

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- c. The application of the experience modification shall not reduce the Minimum Premium.
- d. The experience modification shall be developed using the following formula:
$$\{(\text{Actual LR} - \text{Maximum LR}) / \text{Maximum LR}\} \times \text{Credibility Factor} = \text{Experience Modification}$$

For purposes of computation, the Actual Loss Ratio can be no larger than 100%. Thus, if an insured's ALR is 125%, the figure 100% would be used in the formula. The Maximum Loss Ratio = 50%.
- e. Any credit under 5% shall be waived.

79. MINIMUM PREMIUM

Refer to Table **79.(LC)** in the multistate loss costs.

80-84. RESERVED FOR FUTURE USE

SECTION VI-FILM

85. DESCRIPTION OF COVERAGE

Film Coverage Form [CM 00 45](#) is an "All Risk" form. It may be written on a Nonreporting or Reporting basis with premium adjustment upon completion of each production. It covers:

- A. Exposed motion picture film, including sound recordings; and
 - B. Magnetic or video tapes that have been properly recorded;
- until the full quota of positive prints or films has been made.

86. BASIC FORMS APPLICABLE

- A. For Nonreporting, use Film Coverage Form [CM 00 45](#) and Nonreporting Endorsement [CM 45 01](#).
- B. For Reporting, use Form [CM 00 45](#).

87. ELIGIBILITY

The rules in this section apply to insureds who engage in the commercial production of motion picture films or the commercial recording of magnetic or video tapes.

88. RATE SUBMISSIONS

A. Application Submissions

- 1. For Nonreporting, submit signed application to the company for rating for each policy term.
- 2. For Reporting, submit signed application to the company for rating and at each anniversary. The premium will reflect the rates then in effect.

B. Risks With Materially Changed Conditions

New applications may be submitted at any time for risks with materially changed conditions that result in inequitable rates.

89. COVERAGE OPTIONS

A. Restriction Of Coverage To Specified Locations

Coverage may be restricted to specified locations.

B. Reporting - Monthly Payment

The Reports and Premium condition may be amended to require monthly reporting. Refer to company for appropriate coverage change.

90. RESERVED FOR FUTURE USE

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91. DEFINITIONS

A. Premium Base means:

1. Nonreporting - Limits of Insurance for each production.
2. Reporting - Estimated cost of production.

B. Base Rate means the sum of the modified 80% coinsurance Basic Group I Personal Property rate and the modified 80% coinsurance Basic Group II Personal Property rate of the company (see Rule **2.D.**) multiplied by the factors in Table **91.B.(RF)**.

When coverage applies at two or more locations, develop an average 80% coinsurance Basic Group I Personal Property rate and 80% coinsurance Basic Group II Personal Property rate for all locations.

92. PREMIUM DETERMINATION

A. Rating Base Development

For each production:

1. Multiply the Premium Base by the Base Rate.
2. Multiply the Premium Base by the appropriate annual loading in Table **92.A.2.(RF)** for:
 - a. All locations
 - b. Only at studios, laboratories, vaults, cutting rooms or in transit between such locations
 - c. Vaults only

B. Premium Calculation

1. For Nonreporting, add the results in Paragraphs **A.1.** and **A.2.** to determine the rating base and multiply by the company rate in Table **92.B.1.(LC)** in the multistate loss costs.
2. For Reporting, add the results in Paragraphs **A.1** and **A.2.** to determine the rating base and multiply by the company rate in Table **92.B.1.(LC)** in the multistate loss costs. Divide by the Premium Base to determine rate. If monthly payment, multiply the result by the factor in Table **92.B.2.(RF)**.

93. MINIMUM PREMIUM

Refer to Table **93.(LC)** in the multistate loss costs.

94-99. RESERVED FOR FUTURE USE

SECTION VII-FLOOR PLAN

100. DESCRIPTION OF COVERAGE

Floor Plan Coverage Form [CM 00 52](#) is an "All Risk" form written on a Monthly Reporting - Monthly Payment basis. It covers merchandise for sale that has been financed. This form covers the Single Interest of the dealer or the lending institution or covers their Dual Interest.

101. BASIC FORM APPLICABLE

Use Floor Plan Coverage Form [CM 00 52](#) .

102. ELIGIBILITY

A. What Is Eligible

The rules in this section apply to:

1. A dealer who has borrowed from a lending institution to pay for the Covered Property; or
2. The lending institution that has financed the Covered Property.

B. Restrictions

The following restrictions also apply:

1. The Covered Property is specifically identifiable as encumbered to the lending institution; and

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2. The dealers' right to sell or otherwise dispose of the Covered Property is conditioned upon its release from encumbrance by the lending institution.

C. Manufacturing Or Processing

The rules in this section do not apply to risks engaged in manufacturing or processing.

103. RATE SUBMISSIONS

- A. Submit signed application to the company for rating and at each anniversary. The premium will reflect the rates then in effect.
- B. New applications may be submitted at any time for risks with materially changed conditions that result in inequitable rates.

104. COVERAGE OPTIONS

A. Flood

Submit requests for coverage for Flood to the company.

B. Right Of Recovery

Submit requests to the company for modification of the company's right of recovery against others.

105. RESERVED FOR FUTURE USE

106. DEFINITIONS

- A. Premium Base means:
 1. Dual Interest - values
 2. Single Interest for a:
 - a. Lending Institution - outstanding balance
 - b. Dealer - payments
- B. Base Rate means the sum of the modified 80% coinsurance Basic Group I Personal Property rate and the modified 80% coinsurance Basic Group II Personal Property rate of the company (see Rule **2.D.**) multiplied by the factor in Table **106.B.(RF)**.

107. PREMIUM DETERMINATION

A. Rating Base Development

1. Specified Locations

- a. Determine the Base Rate by location and:
 - (1) For each location, multiply the limit of insurance by the Base Rate.
 - (2) Divide the result in Paragraph (1) for all locations by the total limits of insurance to determine the annual base rate and multiply by the factor in Table **107.A.1.a.(2)(RF)**.

For each annual rerating after the first policy year, substitute the monthly average of the amounts reported during the preceding year at each location for the limit of insurance in Paragraphs (1) and (2).
- b. Annual Loading: Refer to Table **107.A.1.b.(RF)**.
- c. Add the monthly results determined in Paragraphs a. and b.
- d. Multiply the Premium Base by the monthly results determined in Paragraph c.

2. Unspecified Locations

Multiply the Premium Base by the monthly loadings in Table **107.A.2.(RF)**.

B. Premium Calculation

Add the results in Paragraphs **A.1.** and **A.2.** to determine the rating base and multiply by the company rate in Table **107.B.(LC)** in the multistate loss costs. Multiply the result by 12 to determine the estimated annual premium.

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108. MINIMUM PREMIUM

Refer to Table **108.(LC)** in the multistate loss costs.

109-114. RESERVED FOR FUTURE USE

SECTION VIII-JEWELERS BLOCK

115. DESCRIPTION OF COVERAGE

Jewelers Block Coverage Form [CM 00 59](#) is an "All Risk" form. It covers stocks of merchandise for retailers with average inventories up to \$250,000. It must be written on a Nonreporting basis. The form covers property while at the premises of the insured, in transit, away in custody of employees, and elsewhere. It may also include the insured's interest in the property of others or the insured's legal liability for property of others.

116. BASIC FORMS APPLICABLE

Use Jewelers Block Coverage Form [CM 00 59](#) and Proposal For Jewelers Block Coverage Form [CM 59 90](#) .

117. ELIGIBILITY

A. What Is Eligible

The rules in this section apply to forms covering pearls, precious and semiprecious stones, jewels, jewelry, watches and watch movements, gold, silver, platinum, other precious metals and alloys used or held for use for commercial purpose.

B. Department Or Discount Store

The rules in this section do not apply to stock that is not usual to the insured's jewelry, silverware or watch department.

The PROPERTY NOT COVERED Section of the form must be amended to exclude such property.

C. Ineligible Risks

The rules in this section do not apply to:

1. Retailers with average inventories of \$250,000 or over
2. Pawnbrokers
3. Loose Diamond Risks
4. Wholesalers and Manufacturers
5. Bullion and Precious Metal Dealers
6. Industrial Diamond Risks
7. Auction Dealers
8. Fine Arts and Antique Dealers
9. Exhibition Risks, providing such policies do not cover the premises of the insured. See Rule **119.C.1**.
10. Watch Repair Risks

118. RATE SUBMISSIONS

- A. Submit signed application to the company for rating for each policy term. Complete particulars are required for each location.
- B. The premium for each location shall be separately calculated and separate limits for each location be stipulated in the Coverage Form.

119. COVERAGE OPTIONS

A. Optional Additional Coverages

Separate limits of insurance must be shown for any of the following options:

1. For shipments:
 - a. In transit by Registered Mail;

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- b. In transit by armored car service;
- c. In transit by delivery companies; and
- d. All other shipments covered by Coverage Form;

see Rule 124.G.

- 2. For property in the custody of another dealer, see Rule 124.F.
- 3. For property deposited in the safe or vault of a bank or safe deposit company, see Rule 124.F.
- 4. For off premises coverage including travel and messenger, see Rule 124.E. When the limit of insurance exceeds \$5,000, use Limitation On Property Away From Premises Endorsement [CM 59 07](#) .

B. Optional Additional Property

Jewelers Block Coverage Form [CM 00 59](#) may be extended to cover the following:

- 1. For Additionally Covered Property, see Rule 124.J.2. to cover:
 - o Furniture, Fixtures and Office Supplies;
 - o Improvements and Betterments;
 - o Machinery, Tools and Fittings;
 - o Patterns, Dies, Molds and Models.

Use Additionally Covered Property Endorsement [CM 99 01](#) .

- 2. For Money, see Rule 124.J.1.

C. Coverage Extensions

1. Exhibition Risks

Policies may be extended to cover property at exhibitions promoted or financially assisted by any public authority or trade association for additional premium at rates of the company. The endorsement shall specify the place and duration of the exhibition.

2. Property In Show Windows And Outside Showcases

See Rule 124.D.

3. Territorial Limits

At the discretion of the company, territorial limits in the coverage form may be extended at rates determined by the company.

4. Registered Mail

The form may be endorsed, for a reduction in premium, to include a \$25,000 deductible applicable to all shipments. Use Registered Mail Deductible Endorsement [CM 59 03](#) .

D. Earthquake And Flood

Submit requests for coverage for Earthquake or Flood to the company.

120. DEDUCTIBLES

This coverage may also be written on a \$1,000, \$2,500, \$5,000, \$10,000 or higher deductible basis. See Rule **124.K.**

121. JEWELERS' SECURITY ALLIANCE

Credit is allowed for membership in the Jewelers' Security Alliance. See Rule 124.L.

122. NEW OWNERSHIP AND NEW BUSINESS

- A. Interest in a policy must not be transferred to a new ownership that succeeds the original Proposer unless an endorsement signed by the new principals of the business is attached to the policy accepting the representations and warranties of the Proposal as binding upon them.
- B. When Proposals are submitted for a new business or a new ownership, conducted for a period of less than six months prior to the date of the Proposal, and information required for rating is lacking or supplied as estimates for the term of the coverage applied for, the premium must be computed as provisional only, and the risk must

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be rerated after the first six months of coverage on the basis of current Proposals to be submitted at the time.
Use New Business - Premium Adjustment Endorsement [CM 99 03](#) .

123. RESERVED FOR FUTURE USE

SECTION I - GENERAL RULE

9. POLICYWRITING MINIMUM PREMIUM – None Applicable

Table 9.(LC) Policywriting Minimum Premium

10. ADDITIONAL PREMIUM CHANGES

| Waiver Of Additional Premium |
|------------------------------|
| \$5.00 less |

Table 10.B.(LC) Waiver Of Additional Premium

11. RETURN PREMIUM CHANGES

| |
|-----------------|
| \$ 5.00 or less |
|-----------------|

Table 11.B.(LC) Waiver Of Return Premium

SECTION II - ACCOUNTS RECEIVABLE

36. PREMIUM DETERMINATION

| |
|--|
| Minimum Modified Base Rate - None Applicable |
|--|

Table 36.A.4.(LC) Minimum Modified Base Rate

| Loss Cost |
|-----------|
| \$.122 |

Table 36.E.(LC) Accounts Receivable Loss Cost

38. MINIMUM PREMIUM

| |
|---|
| Reporting Minimum Premium None Applicable |
|---|

Table 38.(LC) Reporting Minimum Premium

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SECTION III - CAMERA AND MUSICAL INSTRUMENT DEALERS

52. PREMIUM DETERMINATION

| Class | Loss Costs |
|----------------------------|------------|
| Camera Dealers | \$.257 |
| Musical Instrument Dealers | .168 |

Table 52.B.1.(LC) Camera And Musical Instrument Dealers Loss Costs

53. MINIMUM PREMIUM - None Applicable

Table 53.(LC) Camera And Musical Instrument Dealers No Minimum Premium

SECTION IV - COMMERCIAL ARTICLES

64. PREMIUM DETERMINATION

| Limit | Loss Costs |
|-----------------|------------|
| First \$15,000 | \$.203 |
| All Over 15,000 | .158 |

Table 64.A.1.#1(LC) Commercial Cameras (Excluding Motion Picture Producers) Loss Costs

| Limit | Loss Costs |
|-----------------|------------|
| First \$15,000 | \$.210 |
| All Over 15,000 | .166 |

Table 64.A.1.#2(LC) Commercial Cameras Motion Picture Producers Loss Costs

| Limit | Loss Costs |
|----------------|------------|
| First \$1,500 | \$.261 |
| All Over 1,500 | .076 |

Table 64.A.2.a.(LC) Musical Instruments Individuals - Professional Loss Costs

| Class | Loss Costs |
|---|------------|
| Dance Bands, Orchestras | \$.090 |
| All Other Bands, Orchestras, Chamber Music Ensembles and Similar Groups and Boards of Education or Municipalities | .040 |

Table 64.A.2.b.(LC) Musical Instruments Other Than Individuals Loss Costs

| Loss Cost |
|-----------|
| \$.060 |

Table 64.B.2.(LC) Organs Not Of A Mobile Nature Loss Cost

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SECTION V - EQUIPMENT DEALERS

78. PREMIUM DETERMINATION

| Loss Cost |
|-----------|
| \$.262 |

Table 78.B.1.(LC) Equipment Dealers Loss Cost

79. MINIMUM PREMIUM - None Applicable

Table 79.(LC) Equipment Dealers Minimum Premium

SECTION VI - FILM

92. PREMIUM DETERMINATION

| Loss Cost |
|-----------|
| \$.034 |

Table 92.B.1.(LC) Film Loss Cost

93. MINIMUM PREMIUM

| |
|-----------------------------------|
| Minimum Premium - None Applicable |
|-----------------------------------|

Table 93.(LC) Film Minimum Premium

SECTION VII - FLOOR PLAN

107. PREMIUM DETERMINATION

| Loss Cost |
|-----------|
| \$.494 |

Table 107.B.(LC) Floor Plan Loss Cost

108. MINIMUM PREMIUM

| |
|-----------------------------------|
| Minimum Premium - None Applicable |
|-----------------------------------|

Table 108.(LC) Floor Plan Minimum Premium

SECTION VIII - JEWELERS BLOCK

124. PREMIUM DETERMINATION

| Loss Cost |
|-----------|
| \$.155 |

Table 124.(LC) Jewelers' Block Loss Cost

| |
|--|
| Flat Credit Per Policy None Applicable |
|--|

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Table 124.L.(LC) Jewelers' Security Alliance Credit

125. MINIMUM PREMIUM

| |
|-----------------------------------|
| Minimum Premium - None Applicable |
|-----------------------------------|

Table 125.(LC) Jewelers' Block Minimum Premium

SECTION IX - MAIL

135. PREMIUM DETERMINATION

| Covered Property | Loss Costs (Per \$1,000) |
|---------------------------|--------------------------|
| Negotiable Securities | \$.013 |
| Non-negotiable Securities | .003 |
| Detached Coupons | .026 |

Table 135.A.1.a.(LC) First Class Mail Sent To Certain Specified Destinations Loss Costs

| Covered Property | Loss Costs (Per \$1,000) |
|---------------------------|--------------------------|
| Negotiable Securities | \$.010 |
| Non-negotiable Securities | .002 |
| Detached Coupons | .019 |

Table 135.A.1.b.(LC) Certified Mail Sent To Certain Specified Destinations Loss Costs

| Covered Property | Loss Costs (Per \$1,000) |
|---------------------------|--------------------------|
| Negotiable Securities | \$.007 |
| Non-negotiable Securities | .002 |
| Detached Coupons | .015 |

Table 135.A.1.c.(LC) U.S. Postal Service Express Mail Sent To Certain Specified Destinations Loss Costs

| Covered Property | Loss Costs (Per \$1,000) |
|---------------------------|--------------------------|
| Negotiable Securities | Not Covered |
| Non-negotiable Securities | \$.013 |
| Detached Coupons | .078 |

Table 135.A.2.a.(LC)(v.2) First Class Mail Sent To Other Destinations Loss Costs

| Covered Property | Loss Costs (Per \$1,000) |
|---------------------------|--------------------------|
| Negotiable Securities | Not Covered |
| Non-negotiable Securities | \$.007 |
| Detached Coupons | .048 |

Table 135.A.2.b.(LC) Certified Mail Sent To Other Destinations Loss Costs

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| Covered Property | Loss Costs (Per \$1,000) |
|---------------------------|---------------------------------|
| Negotiable Securities | \$.023 |
| Non-negotiable Securities | .007 |
| Detached Coupons | .045 |

Table 135.A.2.c.(LC) U.S. Postal Service Express Mail Sent To Other Destinations Loss Costs

| Covered Property | Annual Reporting Period | | Monthly Or Other Reporting Period | |
|--|---------------------------------|----------------------|--|----------------------|
| | Loss Costs (Per \$1,000) | | Loss Costs (Per \$1,000) | |
| | All Except Within Alaska | Within Alaska | All Except Within Alaska | Within Alaska |
| Non-negotiable Securities | \$.002 | \$.011 | \$.002 | \$.007 |
| Bullion And Other Property Described In Paragraph d. Under Covered Property | .010 | .048 | .013 | .066 |
| Currency And Other Property Described In Paragraph e. Under Covered Property | .010 | .048 | .013 | .066 |
| All Other Covered Property | .010 | .048 | .006 | .032 |

Table 135.A.3.(LC) Registered Mail Loss Costs

| Coverage | Value Per Shipping Package | Loss Cost Per Shipping Package |
|---------------------|-----------------------------------|---------------------------------------|
| First Class Mail | Up to \$ 100,000 | \$.011 |
| Certified Mail | Up to 100,000 | .007 |
| U.S. Postal Service | | |
| Express Mail | Up to 100,000 | .006 |
| Registered Mail | Up to 100,000 | .005 |
| | \$ 100,001 - 500,000 | .118 |
| | 500,001 - 1,000,000 | .292 |
| | 1,000,001 - 2,000,000 | 1.089 |
| | 2,000,001 - 3,000,000 | 1.886 |
| | 3,000,001 - 4,000,000 | 2.687 |
| | 4,000,001 - 5,000,000 | 3.483 |

Table 135.B.1.(LC) Transfer Agents Mail Loss Costs

| Coverage | Loss Costs | |
|------------------|---|--|
| | When Paragraph b.(2) Of B. Valuation Applies | When Paragraph b.(2) Of B. Valuation Is Deleted |
| First Class Mail | \$.018 | \$.015 |
| Certified Mail | .011 | .010 |

Table 135.B.4.(LC) Loss Costs Per Shipping Package

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136. MINIMUM PREMIUM

| | |
|--|--|
| | Minimum Premium - None Applicable |
|--|--|

Table 136.(LC) Mail Minimum Premium

SECTION X - PHYSICIANS AND SURGEONS

145. PREMIUM DETERMINATION

| |
|------------------|
| Loss Cost |
| \$.093 |

Table 145.A.1.c.(LC) Physicians And Surgeons Loss Cost

| |
|------------------|
| Loss Cost |
| \$ 5.640 |

Table 145.A.2.(LC) Additional Coverage Extensions Loss Cost

| Limit | Loss Costs |
|----------------|-------------------|
| First \$1,000 | \$ 1.062 |
| All Over 1,000 | .526 |

Table 145.A.3.(LC) Coverage Limited To Property Usually Carried By The Insured Loss Costs

| Deductible | Loss Costs |
|-------------------|-------------------|
| \$ 1,000 | \$.056 |
| 2,500 | .045 |
| 5,000 | .028 |
| 10,000 | .011 |

Table 145.A.4.(LC) Artificially Generated Electric, Magnetic Or Electromagnetic Energy Coverage Loss Costs

SECTION XI - SIGNS

155. PREMIUM DETERMINATION

| Region | Loss Costs | |
|--|----------------------|----------------------------|
| | Full Coverage | Deductible Coverage |
| AL, FL, GA, LA, MS, NC, PR, SC, TX, VA | \$.771 | \$.386 |
| Balance of U.S. | .386 | .193 |

Table 155.A.1.(LC) Outside Signs Loss Costs

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SECTION XII - THEATRICAL PROPERTY

164. PREMIUM DETERMINATION

| Loss Cost |
|-----------|
| \$.086 |

Table 164.B.2.(LC) Theatrical Property Loss Cost

SECTION XIII - VALUABLE PAPERS

174. DEFINITION

| Minimum Loading |
|----------------------|
| \$ †† |
| †† Refer to company. |

Table 174.A.(LC) Valuable Papers And Records Minimum Loading

175. PREMIUM DETERMINATION

| Loss Cost |
|-----------|
| \$.035 |

Table 175.D.(LC) Valuable Papers And Records Loss Cost

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COMMERCIAL LINES SCHEDULE RATING PLAN

1. This plan may be applied to any risk and to coverages and policies written under the following Commercial Lines Manual Divisions unless otherwise noted:
 - a. Crime and Fidelity;
 - b. Commercial Property;
 - c. Commercial General Liability;
 - d. Commercial Inland Marine;
 - e. Commercial Package Policy
2. The company rates for a risk may be modified in accordance with the following table to recognize such special characteristics as are not fully reflected in the basic company premium or rates.
3. This plan shall be applied after the application of all other rating procedures.
4. The total credits or debits under the following table shall not exceed the amount listed in the Maximum Modification Table.
5. Any ISO Experience and Schedule Rating Plan or Individual Risk Modification Plan applicable to the policies or coverages listed under paragraph 1. do not apply and are replaced by this plan

SCHEDULE RATING TABLE

| RISK CHARACTERISTICS | DESCRIPTION | RANGE OF MODIFICATIONS | | |
|-----------------------------|---|-------------------------------|----|--------------|
| | | Credit | | Debit |
| Management | Cooperation in matters of safeguarding and proper handling of the property covered. | 20% | to | 20% |
| Location – inside | Exposure inside premises | 20% | to | 20% |
| Location – outside | Exposure outside premises - accessibility and environment. | 20% | to | 20% |
| Building Features | Age, condition and unusual structural features. | 20% | to | 20% |
| Premises and Equipment | Care, condition and type. | 20% | to | 20% |
| Employees | Selection, training, supervision, and experience. | 20% | to | 20% |
| Protection | Protection not otherwise recognized such as audit procedures, internal controls, safes, vaults, alarm systems and security personnel. | 20% | to | 20% |
| Classification | Peculiarities of classification. | 20% | to | 20% |

**Division Eight
COMMERCIAL INLAND MARINE**

RULE 1.

DESCRIPTION OF THE PLAN

- A. This plan recognizes the following:
 - 1. Loss Costs published by Insurance Services Office (ISO) are average loss costs and do not reflect certain inherent risk management strengths or weaknesses possessed by an individual insured.
 - 2. Insureds with limited loss expectancy would pay more premium than is equitable if they were combined with homogeneous groupings of insured that have a much greater expectancy of loss.
- B. This program shall be applied in a fair and nondiscriminatory manner based upon the individual risk quality of the insured.
- C. Pricing based upon the presence or absence of hazards and controls not contemplated in any individual risk rating plan provides the basis to the tiered pricing philosophy.
- D. This rating plan will be used for Commercial General Liability, Property, Inland Marine, Crime and Automobile coverages.

RULE 2.

RISK QUALITY FACTORS

This program contains four designated levels of risk quality: Superior, Preferred, Standard and Substandard. Each of the level of risk quality is assigned a tiered pricing factor as follows:

The following tier factors will apply to the final rates calculated using the ISO manual.

| TIER | | FACTOR |
|-------------|-------------|---------------|
| 1 | Nonstandard | 1.20 |
| 2 | Standard | 1.00 |
| 3 | Preferred | 0.80 |
| 4 | Superior | 0.60 |

RULE 3.

RISK QUALITY FACTORS

Tiered Rating Guidelines

A four-tiered rating plan was formulated to recognize account characteristics which are not fully contemplated in average loss costs and rating plans developed by Insurance Services Offices, Inc. (ISO). The tiered rating plan should apply to individual risk criteria for each account.

- A. Specific criteria for selecting the appropriate pricing tier are contained in Rule 4. – Risk Placement Procedures. Risk quality can be measured by identifying hazards and their matching controls.
 - 1. **High quality insureds:**
 - a. Have eliminated hazards, or
 - b. Have established controls to reduce frequency or severity of losses associated with hazards.

**Division Eight
COMMERCIAL INLAND MARINE**

Such insureds should pay less than insureds that are not high-quality insureds because of such criteria.

2. Financially strong insureds exhibit the ability to:

- a. Hire and retain quality employees;
- b. Physically maintain the buildings, equipment and vehicles owned or used by the business in a safe and acceptable manner; and
- c. Operate the business in a safe manner by instituting safety procedures and programs.

Such insureds should qualify for a lower premium than insureds that are not able to exhibit any of the characteristics listed above.

3. Insureds with quality management:

- a. Are experienced in their type of business;
- b. Exhibit a willingness and ability to recognize exposures to loss; or
- c. Maintain loss prevention practices

Such insureds should qualify for a lower price than insureds that have inexperienced management or management that cannot afford to invest in loss prevention practices and thus are expected to have more frequent or severe losses.

- B. Risk quality modifiers will reflect the relative experience or inexperience and the financial strength or weakness of the insured.

RULE 4.

RISK PLACEMENT PROCEDURES

- A. Table 4.C. contains underwriting criteria for Commercial General Liability, Property, Inland Marine, Crime and Automobile coverages. These criteria are provided to assist in selecting the appropriate pricing tier for each account. Every policy must be evaluated for each characteristic, subject to Rule 4.D.

B. Eligibility Requirement

- 1. **Superior:** At least three of the characteristics are rated Superior, with no criteria below Standard
- 2. **Preferred:** At least three of the characteristics are rated Preferred, with no criteria below Standard.
- 3. **Standard:** At least four of the characteristics are rated Standard.
- 4. **Nonstandard:** Two or more characteristics are rated Substandard.

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COMMERCIAL INLAND MARINE**

C. Underwriting Criteria – Table 4.C.

| CRITERIA | SUPERIOR | PREFERRED | STANDARD | SUBSTANDARD |
|---|--|--|--|---|
| Length of Time in Business/ Management | At least 10 years in business or the “equivalent experience”. | At least 6 years but less than 10 years in business or the “equivalent experience”. | At least 3 years but less than 6 years in business or the “equivalent experience”. | Less than 3 years in business or the “equivalent experience”. |
| Financial Strength | Commercial credit appraisal (where applicable and available) equals high or good and the company’s financial composite is above industry average; or | Commercial credit appraisal (where applicable and available) equals high or good and the company’s financial composite is equal to or above industry average; or | Commercial credit appraisal (where applicable and available) equals fair or above and the company’s financial composite is equal to or above industry average; or | Commercial credit appraisal (where applicable and available) equals below average or above and the company’s financial composite is below industry average; or |
| | Review by company financial staff: 1) Determines a profitable, stable financial position with increasing revenues; or 2) assigns this rating | Review by company financial staff: 1) Determines a stable financial position with increasing revenues; or 2) assigns this rating | Review by company financial staff: 1) Determines a stable financial position; or 2) assigns this rating | Review by company financial staff: 1) Determines an unprofitable or unstable financial position; or 2) assigns this rating |
| Hazards and Controls | Based on classification review in A.M. Best’s Underwriting Guide and or FC&S (National Underwriter Company) Bulletins, insureds whose actual operations have a Best hazard Index Rating of 1-3 contemplated by the class will fall into this category. | Based on classification review in A.M. Best’s Underwriting Guide and or FC&S (National Underwriter Company) Bulletins, insureds whose actual operations have a Best hazard Index Rating of 4-6 contemplated by the class will fall into this category. | Based on classification review in A.M. Best’s Underwriting Guide and or FC&S (National Underwriter Company) Bulletins, insureds whose actual operations have a Best hazard Index Rating of 7-9 contemplated by the class will fall into this category. | Based on classification review in A.M. Best’s Underwriting Guide and or FC&S (National Underwriter Company) Bulletins, insureds whose actual operations have a Best hazard Index Rating of 10 contemplated by the class will fall into this category. |

**Division Eight
COMMERCIAL INLAND MARINE**

Table 4.C. (Continued)

| CRITERIA | SUPERIOR | PREFERRED | STANDARD | SUBSTANDARD |
|----------------|---|---|--|--|
| Safety Culture | A formal safety program is in place. As evidenced by safety program and/or interviews with management/safety specialist, the insured anticipates hazards, is proactive in regards to safety and health and builds controls into operation that are above average relative to similar classes of business; or | As evidenced by safety program and/or interviews with management/safety specialist, the insured is aware of hazards and promotes policies, procedures and activities to minimized losses that are above average relative to similar classes of business; or | Management is aware of major exposures to loss and basic regulatory requirements and has developed activities to control these hazards that are average for similar classes of business; Inspections yield an evaluation of Average or Standard. | Management is unaware or unwilling to address significant hazards or exposures to loss; management safety programs are below average for similar classes of business; Inspections yield an evaluation of Below Average or Substandard. |
| | Inspections yield an evaluation of Superior. | Inspections yield an evaluation of Preferred. | | |
| Risk Transfer | Insured has a formal risk transfer program that includes use of the following: written contracts; broad, type I, indemnification/hold harmless agreements (or broadest type allowed by state); Certificates of Insurance that evidence our insured as a primary Additional Insured with subcontractors, suppliers, lessees or lessors where applicable. | Insured has a risk transfer program that includes use of the following: indemnification/hold harmless agreements; Certificates of Insurance that evidence our insured as an Additional Insured with subcontractors, suppliers, lessees or lessors. | Insured obtains Certificates of Insurance. May or may not have an established policy for risk transfer arrangements. | Insured has no established policy with respect to obtaining Certificates of Insurance or entered into favorable risk transfer arrangements where possible with its subcontractors, suppliers, lessees or lessors. |

**Division Eight
COMMERCIAL INLAND MARINE**

Eligibility

The four-tiered rating approach applies to all risks eligible for Commercial General Liability, and Commercial Property, Crime & Fidelity, and Commercial Inland Marine. To qualify for tier rating plans, the account must meet the following criteria:

Tier 1 – Nonstandard Rating Plan

Risks must require at least three of the five characteristics.

1. Experience: Less than three years in business.
2. Loss ratio: Greater than 55% for the period in business.
3. Financial Stability: No financial information is available due to years in business, or below average financial condition of risk for type and size of operations.
4. Loss Prevention: Insured exercises below average loss prevention.
5. Frequency: Previous loss experience reflects some frequency of loss. Tier 2 – Standard Rating Plan Any risk that does not qualify for Tier 1, Tier 3, or Tier 4.

Tier 2 – Standard Rating Plan Any risk that does not qualify for Tier 1, Tier 3, or Tier 4.

Tier 3 – Preferred Rating Plan

Risks must require at least three of the five characteristics. No substandard characteristic will be eligible.

1. Experience: Greater than three years in business.
2. Loss Ratio: Three-year loss ratio of 40% or less.
3. Financial Stability: Above average condition for risk for type and size of operation.
4. Loss Prevention: Insured exercises loss prevention and cooperates with loss control. Inherent hazards are well controlled.
5. Frequency: Previous loss experience reflects low frequency of loss.

Tier 4 – Superior Rating Plan

Risks must require at least three of the five characteristics. No substandard characteristic will be eligible.

1. Experience: Greater than four years in business.
2. Loss Ratio: Five-year loss ratio of 40% or less.
3. Financial Stability: Above average condition for risk for type and size of operations.
4. Loss Prevention: Insured exercises loss prevention and cooperates with loss control. Inherent hazards are well controlled. Type of business is low hazard.
5. Frequency: Previous loss experience reflects low frequency of loss.

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COMMERCIAL INLAND MARINE**

Risks will be categorized to the highest tier for which it qualifies.

MAXIMUM INDIVIDUAL RISK MODIFICATION PLAN

| State | Maximum Modification | State | Maximum Modification | State | Maximum Modification |
|-------------|----------------------|----------------|----------------------|----------------|----------------------|
| Alabama | 25% | Louisiana | 25% | Ohio | 25% |
| Alaska | 40% | Maine | 40% | Oklahoma | 50% |
| Arizona | 25% | Maryland | 40% | Oregon | 25% |
| Arkansas | 40% | Massachusetts | 25% | Pennsylvania | 50% |
| California | 25% | Michigan | 25% | Rhode Island | 40% |
| Colorado | 25% | Minnesota | 40% | South Carolina | 40% credit/25%debit |
| Connecticut | 25% | Mississippi | 40% | South Dakota | 25% |
| Delaware | 25% | Missouri | 25% | Tennessee | 50% |
| Florida | 25% | Montana | 40% | Texas | 40% |
| Georgia | 25% | Nebraska | N/A | Utah | 25% |
| Hawaii | N/A | Nevada | 25% | Vermont | 50% |
| Idaho | 25% | New Hampshire | 40% | Virginia | 50% |
| Illinois | 50% | New Jersey | 25% | Washington | 25% |
| Indiana | 50% | New Mexico | 25% | West Virginia | 40% |
| Iowa | 25% | New York | 15% | Wisconsin | 50% |
| Kansas | 40% | North Carolina | 50% | Wyoming | 50% |
| Kentucky | 50% | North Dakota | 25% | | |

**Division Eight
COMMERCIAL INLAND MARINE**

ADDITIONAL RULE FOR:

Veracity Photographers & Videographers Program Rating

The following rules only apply to policies written for photographers and videographers written as part of this program.

General Rules

1. This program will be written as a master policy for participating members of the Outdoor & Recreational Insurance Program – RPG.
2. Policies will be issued on a 2 year basis.

Eligibility

1. Annual revenues may not exceed \$200,000
2. Inland Marine Coverage is only available in addition to an annual general liability policy and may not be written on a standalone basis or in addition to general liability written on an event basis.

Premium Computation

A. General Liability Premium

- a. Event policies are flat rated per event.
- b. Annual policies are flat rated based on annual revenues.

| | Event Coverage | Annual Coverage |
|--------------------------|-----------------------|--|
| Premium | \$15.00 | \$75.00 (\$1 - \$100K) \$135.00 (\$101K - \$200K) |
| Term | 1-3 Days | Annual |
| Occurrence Limit | \$1,000,000 | \$1,000,000 |
| Aggregate Limit | \$2,000,000 | \$2,000,000 |
| Premium Calculation | Per Event | Annual Receipts |
| Photographers E&O | Excluded | Excluded |
| Primary/Non-Contributory | \$10.00 | \$10.00 |
| Waiver of Subrogation | \$10.00 | \$10.00 |
| Additional Insured | Included | Included |

B. Inland Marine

- Base Rate x Aggregate Limit Multiplier x Deductible Factor = Annual Premium

Base Rates Inland Marine

| Any One Item Limit | Flat Rate |
|---------------------------|------------------|
| \$1,000 | \$10.00 |
| \$2,000 | \$15.00 |
| \$5,000 | \$25.00 |
| \$10,000 | \$50.00 |
| \$15,000 | \$75.00 |

Aggregate Limit Multiplier

| Aggregate Limit Multiplier | Factor |
|-----------------------------------|---------------|
| 5X | 4.52 |
| 6X | 5.29 |
| 10X | 8.02 |

Deductible Factor

| Deductible | Factor |
|-------------------|---------------|
| \$250 | 1.00 |
| \$500 | .93 |
| \$1,000 | .86 |
| \$2,500 | .80 |

| | |
|------------------|---------------|
| Company | LL |
| State | (All) |
| Standardized LOB | Inland Marine |

| Row Labels | Sum of SumOfPremium Written | Sum of SumOfPremium Earned | Sum of SumOfCommission | Sum of SumOfTaxes | Sum of SumOfDCC |
|--------------------|-----------------------------|----------------------------|------------------------|---------------------|-----------------|
| 2013 | \$101,855,060 | \$94,989,091 | \$77,091,545 | \$2,872,388 | \$22,140 |
| 2014 | \$112,057,882 | \$106,591,698 | \$78,919,438 | \$3,243,370 | \$3,141 |
| 2015 | \$139,603,754 | \$119,717,058 | \$95,836,268 | \$3,987,922 | \$2,767 |
| 2016 | \$138,170,143 | \$132,772,911 | \$77,896,428 | \$4,030,212 | \$29,900 |
| 2017 | \$138,170,143 | \$132,772,911 | \$77,896,428 | \$4,030,212 | \$29,900 |
| Grand Total | \$629,856,982 | \$586,843,670 | \$407,640,106 | \$18,164,105 | \$87,848 |

Lyndon Southern Insurance Company
Insurance Expense Exhibit Summary
Inland Marine
\$ Figures are in 000's

| Year | Written Premium | Earned Premium | Commission | Taxes | General Expenses |
|--------------|-----------------|----------------|------------|----------|------------------|
| 2013 | \$101,855 | \$94,989 | \$77,092 | \$2,872 | \$4,873 |
| 2014 | \$112,058 | \$106,592 | \$78,919 | \$3,243 | \$6,048 |
| 2015 | \$139,604 | \$119,717 | \$95,836 | \$3,988 | \$9,700 |
| 2016 | \$138,170 | \$132,773 | \$77,896 | \$4,030 | \$7,079 |
| 2017 | \$158,824 | \$141,913 | \$113,005 | \$4,370 | \$7,017 |
| 5 Year Total | \$650,511 | \$595,983 | \$442,749 | \$18,503 | \$34,717 |

| Year | Commission % of Written Premium | Taxes % of Written Premium | General Expenses % of Earned Premium | Profit & Contingencies Provision* |
|--------------------|---------------------------------|----------------------------|--------------------------------------|-----------------------------------|
| 2013 | 75.7% | 2.8% | 5.1% | |
| 2014 | 70.4% | 2.9% | 5.7% | |
| 2015 | 68.6% | 2.9% | 8.1% | |
| 2016 | 56.4% | 2.9% | 5.3% | |
| 2017 | 71.2% | 2.8% | 4.9% | |
| 5 Year Total | 68.1% | 2.8% | 5.8% | |
| 2015-17 3 Yr Total | 56.4% | 2.9% | 6.0% | |
| Selected | 22.0% | 3.0% | 6.0% | 4.0% |

*Derivation of Profit & Contingencies Provision

| | |
|---|--------|
| (1) Target After-Tax Rate of Return | 11.00% |
| (2) Premium to Surplus Ratio** | 1.729 |
| (3) Target After-Tax Rate of Return as a % of Premium | 6.4% |
| (4) Anticipated (After-Tax) Investment Income*** | 2.4% |
| (5) Target Profit & Contingencies Provision | 4.0% |
| (6) Selected Profit & Contingencies Provision | 4.0% |

Notes:

- (2) From Table 1, Below
(3) Target After-Tax Rate of Return as a % of Premium = (1) / (2)
(4) From Table 2, Below
(5) = (3) - (4)
(6) Selected based on Indication in Item (5).

Table 1

**Premium to Surplus Ratio

| Calendar Year | Net Written Premium | Surplus as Regards Policyholders | Premium to Surplus Ratio |
|------------------------------------|---------------------|----------------------------------|--------------------------|
| (1) | (2) | (3) | (4) |
| 2013 | 53,334,496 | 30,992,383 | 1.721 |
| 2014 | 54,191,208 | 41,128,967 | 1.318 |
| 2015 | 75,648,337 | 42,621,967 | 1.775 |
| 2016 | 89,222,725 | 52,134,991 | 1.711 |
| 2017 | 105,124,859 | 51,455,971 | 2.043 |
| Selected Premium to Surplus Ratio: | | | 1.729 |

Notes:

- (2), (3) From 2013-2017 Annual Statements, based on 3 year weighted average Prem/Surplus Ratio.
(4) = (2) ÷ (3)

Table 2

***Anticipated Investment Income

| Calendar Year | Net Investment Income | Year-End Assets Available for Investment | Average Assets Available in Year | Pre-Tax Rate of Return |
|---------------|-----------------------|--|----------------------------------|------------------------|
| (1) | (2) | (3) | (4) | (5) |
| 2013 | 382,008 | 59,272,402 | 59,272,402 | 0.6% |
| 2014 | 269,436 | 74,274,957 | 66,773,680 | 0.4% |

| | |
|------------------|---------------|
| Company | LL |
| Line of Business | Inland Marine |

| Row Labels | Sum of SumOfPremiums Written | Sum of SumOfPremiums Earned | Sum of Commission | Sum of Taxes |
|--------------------|------------------------------|-----------------------------|-------------------|-----------------|
| 2013 | \$101,855 | \$94,989 | \$77,092 | \$2,872 |
| 2014 | \$112,058 | \$106,592 | \$78,919 | \$3,243 |
| 2015 | \$139,604 | \$119,717 | \$95,836 | \$3,988 |
| 2016 | \$138,170 | \$132,773 | \$77,896 | \$4,030 |
| 2017 | \$158,824 | \$141,913 | \$113,005 | \$4,370 |
| Grand Total | \$650,511 | \$595,983 | \$442,749 | \$18,503 |

35.0% Total Expenses
65.0% Permissible (L+LAE) Ratio

| | | | | |
|---|-----------|-------------|-------------|-------|
| 2015 | 625,685 | 83,539,898 | 78,907,428 | 0.8% |
| 2016 | 1,001,171 | 96,146,282 | 89,843,090 | 1.1% |
| 2017 | 3,081,981 | 110,176,152 | 103,161,217 | 3.0% |
| Total | 4,978,273 | | 338,685,414 | 1.5% |
| Selected Pre-Tax Investment Rate: | | | | 3.0% |
| Anticipated 2018 Federal Tax Rate on Investment Income: | | | | 21.0% |
| Indicated After-Tax Investment Rate: | | | | 2.4% |

Notes:
 (2), (3) From 2013-2017 Annual Statements
 (4) = Judgmentally selected, Weighted Average of [(3) current year and (3) prior year]
 (5) = (2) ÷ (4)

| Sum of SumOfGeneral Expenses | Sum of SumOfIncurred Loss | Sum of SumOfDCC | Sum of SumOfAOE |
|------------------------------|---------------------------|-----------------|-----------------|
| \$4,873 | \$9,986 | \$22 | \$214 |
| \$6,048 | \$7,228 | \$3 | \$110 |
| \$9,700 | \$9,585 | \$3 | \$157 |
| \$7,079 | \$26,805 | \$30 | \$263 |
| \$7,017 | \$14,691 | \$26 | \$220 |
| \$34,717 | \$68,296 | \$84 | \$963 |

| | | |
|-----------------------|------|------|
| 2013 | 0.0% | 0.2% |
| 2014 | 0.0% | 0.1% |
| 2015 | 0.0% | 0.1% |
| 2016 | 0.0% | 0.2% |
| 2017 | 0.0% | 0.2% |
| Total | 0.0% | 0.2% |
| Last 2 Years Total | 0.0% | 0.2% |
| Selected (as % of EP) | 1.0% | 2.0% |

Insurer Name: Lyndon Southern Insurance Company
 NAIC Number: 10051
 Line of Insurance: Liability - 9.0

Date: May 3, 2018

DISTRICT OF COLUMBIA EXPENSE INFORMATION WORKSHEET

List the following expense information for the latest three years from your Insurance Expense Exhibit
 (Part II - Allocation to Lines of Business, Section A)

All data is to be expressed in decimal form. For example, 6.8% should be shown as 0.068; 21.7% as 0.217.

| Year: | Latest Three Calander Years | | | Three Year Avg. | Prospective Provisions |
|--|-----------------------------|-------|-------|--------------------|---------------------------|
| | 2014 | 2015 | 2016 | | |
| A1. Commission & Brokerage | 0.465 | 0.325 | 0.301 | 0.364 | 0.220 |
| A2. Other Acquisition | | | | | |
| A. Total Production Expense (A1+A2) | 0.465 | 0.325 | 0.301 | 0.364 | 0.220 |
| B. General Expense | 0.064 | 0.062 | 0.010 | 0.045 | 0.060 |
| C. Taxes, Licenses & Fees | 0.024 | 0.026 | 0.027 | 0.026 | 0.030 |
| D. Other* | 0.028 | 0.037 | 0.051 | 0.039 | 0.040 |
| Total Expenses | 0.581 | 0.450 | 0.389 | 0.473 | 0.350 |
| | | | | | |
| E. Profit and Contingency Provision | | | | | 0.053 |
| F. Total Expense, Profit and Contingency Provision | | | | | 0.403 |
| G. Expected Loss Ratio (1.000 - F) | | | | | 0.597 |

* "Other" may only be used for expenses unique of the District or which are otherwise statistically supported in an attachment.

Date: May 3, 2018

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Administrative Use

**DISTRICT OF COLUMBIA
INSURER RATE FILING
ADOPTION OF RATING ORGANIZATION
PROSPECTIVE LOSS COSTS
REFERENCE FILING ADOPTION FORM**

1. INSURER NAME Lyndon Southern Insurance Company
ADDRESS 10151 Deerwood Park Blvd
Building 100, Suite 500
Jacksonville, FL 32256

PERSON RESPONSIBLE FOR FILING Sandra M. Evans-Wright, CPCU, ARe, CPIW

TITLE Compliance Manager TELEPHONE # 904-357-2164

2. INSURER NAIC # 10051

3. LINE OF INSURANCE General Liability 17.0

4. RATING ORGANIZATION ISO

5. RATING ORGANIZATION REFERENCE FILING # CM-2016-RLA1

6. The above insurer hereby declares that it is a member, subscriber or service purchaser of the named rate organization for this line of insurance. The insurer hereby files to be deemed to have independently submitted as its own filing the prospective loss costs in the captioned Reference Filing.

The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

7. PROPOSED RATE LEVEL CHANGE _____ % EFFECTIVE DATE _____

8. PRIOR RATE LEVEL CHANGE _____ % EFFECTIVE DATE _____

9. ATTACH "CALCULATION OF COMPANY LOSS COST MULTIPLIER" FORM
(With or without expense constraints as appropriate. Use a separate Form for each insurer-selected loss cost multiplier.)

- ☐ "EXPENSE INFORMATION WORKSHEETS"
☐ "DISTRICT OF COLUMBIA INVESTMENT INCOME WORKSHEETS"
☐ "MOTOR VEHICLE RATE AND RULE FILING CERTIFICATION" and
"PREMIUM SURVEY FORM" (For Commercial and Personal Auto filings only.)

10. CHECK ONE OF THE FOLLOWING:

☒ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the rating organization's prospective loss costs for this line of insurance. The rates will apply to policies written on or after the effective date of the rating organization's prospective loss costs. This authorization is effective until disapproved by the Superintendent of insurance, or amended or withdrawn by the insurer.

☐ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Rating Organization Reference Filing.

Date: May 3, 2018

Insurer Name: Lyndon Southern Insurance Company
NAIL Number: 10051

Date: May 3, 2018

**DISTRICT OF COLUMBIA
INSURER RATE FILING
ADOPTION OF RATING ORGANIZATION PROSPECTIVE LOSS COSTS**

CALCULATION OF COMPANY LOSS COST MULTIPLIER WITH EXPENSE CONTANT

All data is to be expressed in decimal form. For example, 6.8% should be shown as 0.068, 21.7% as 0.217

1. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies:

2. Loss Cost Modification Expressed as a Factor: (See examples below.)

3. Development of Expected Loss Ratio. (Attach District of Columbia Expense Information Worksheet and/or other supporting information.)

| | Prospective Provisions | | |
|-----------------------------|------------------------|----------|-------|
| | Overall | Variable | Fixed |
| A. Total Production Expense | _____ | _____ | _____ |
| B. General Expense | _____ | _____ | _____ |
| C. Taxes, Licenses & Fees | _____ | _____ | _____ |
| D. Profit & Contingencies | _____ | _____ | _____ |
| E. Other (explain) | _____ | _____ | _____ |
| F. TOTAL | _____ | _____ | _____ |

4. A. Expected Loss Ratio: ELR = 1.000 - Overall 3F =

- B. Variable Expected Loss Ratio VELR = 1.000 - Variable 3F =

- C. Provision for Investment Income =

(Attach District of Columbia Worksheets)

5. Formula Expense Constant:

$$[[1.00 \div [(Line\ 4A) \times (Line\ 4C)]] - [1.00 \div [(Line\ 4B) \times (Line\ 4C)]]] \times \text{Average Underlying Loss Cost} =$$

(Average Underlying Loss Cost used in formula above) =

Formula Variable Loss Cost Multiplier: $(Line\ 2) \div [(Line\ 4B) \times (Line\ 4C)] =$

6. Selected Expense Constant =

Selected Variable Loss Cost Multiplier =

7. Explain any differences between 5 and 6, which may include alternative method of calculating and reflecting investment income.:

8. Rate level change for the coverages to which this page applies

_____ %

Example 1: Loss Cost modification factor: If your company's loss cost modification is - 10%, a factor of .90 (1.000 -.100) should be used.

Example2: Loss Cost modification factor: If your company's loss cost modification is + 15%, a factor of 1.15 (1.000 +.150) should be used.